IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

PEDRO RAMIREZ, JR., Individually and on Behalf of All Others Similarly Situated,

Plaintiff,

v.

EXXON MOBIL CORPORATION, REX W. TILLERSON, ANDREW P. SWIGER, JEFFREY J. WOODBURY, and DAVID S. ROSENTHAL,

Defendants.

Case No. 3:16-cv-3111-K

APPENDIX IN SUPPORT OF DEFENDANTS' MOTION TO DISMISS THE CONSOLIDATED COMPLAINT AND BRIEF IN SUPPORT

Theodore V. Wells, Jr. (*pro hac vice*)
Daniel J. Kramer (*pro hac vice*)
Daniel J. Toal (*pro hac vice*)
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Counsel for Rex W. Tillerson

Exhibit	Description	App. Page(s)
M	"Exxon Concedes It May Need to Declare Lower Value for Oil in Ground," *The New York Times*, published on October 28, 2016	App. 128 - App. 131
N	"Exxon Warns on Reserves as It Posts Lower Profit," *The Wall Street Journal*, published on October 28, 2016	App. 132 - App. 137
O	Excerpts of "Growth, Yield, ROCE, and FCF No Longer Warrant Material Premium; Reducing Rating to Sell, UBS Securities LLC, published on January 18, 2017	App. 138 - App. 144
P	Exhibit to ExxonMobil's Form 8-K, filed with the SEC on January 31, 2017	App. 145 - App. 157

Dated: September 26, 2017

Respectfully submitted,

/s/ Daniel J. Kramer
Theodore V. Wells, Jr. (*pro hac vice*)
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Counsel for Rex W. Tillerson

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing document has been served by electronic CM/ECF filing, on this 26th day of September, 2017.

/s/ Daniel J. Kramer
Daniel J. Kramer

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

PEDRO RAMIREZ, JR., Individually and on Behalf of All Others Similarly Situated, Plaintiff, v. EXXON MOBIL CORPORATION, REX W. TILLERSON, ANDREW P. SWIGER, JEFFREY J. WOODBURY, and DAVID S. ROSENTHAL, Defendants.	Case No. 3:16-cv-3111-K

Pursuant to 28 U.S.C. § 1746, I, Jonathan H. Hurwitz, declare as follows:

1. I am over twenty-one years of age and I am fully competent to make this Declaration. I have personal knowledge of the facts set forth in this Declaration.

2. I am counsel in the law firm Paul, Weiss, Rifkind, Wharton & Garrison LLP. My office is located at 1285 Avenue of the Americas, New York, New York 10019.

3. I am a member in good standing with the State Bar of New York. I am admitted to practice before this Court *pro hac vice*.

4. I submit this declaration to provide the Court with copies of certain publicly available materials cited in Defendants' Motion to Dismiss the Consolidated Complaint and Brief in Support, filed on September 26, 2017.

5. Attached hereto as Exhibit A is a true and correct copy of excerpts of Exxon Mobil Corp.'s ("ExxonMobil's") publicly available 2012 *Corporate Citizenship* Report, available at http://cdn.exxonmobil.com/~/media/global/files/corporate-citizenship-report/news_pub_ccr2012.pdf.

6. Attached hereto as Exhibit B is a true and correct copy of excerpts of ExxonMobil's Annual Report (Form 10-K) for the year ended December 31, 2013, filed with the U.S. Securities and Exchange Commission ("SEC") on February 26, 2014.

7. Attached hereto as Exhibit C is a true and correct copy of excerpts of ExxonMobil's publicly available 2014 *Energy and Carbon—Managing the Risks* Report ("MTR Report"), referenced in the Consolidated Complaint (ECF No. 36) (the "Complaint") at paragraphs 3–5, 7–8, and 248 and available at http://cdn.exxonmobil.com/~/media /global/files/energy-and-environment/report---energy-and-carbon---managing-the-risks.pdf.

8. Attached hereto as Exhibit D is a true and correct copy of excerpts of ExxonMobil's Proxy Statement (Schedule 14A), filed with the SEC on April 13, 2016.

9. Attached hereto as Exhibit E is a true and correct copy of excerpts of ExxonMobil's Annual Report (Form 10-K) for the year ended December 31, 2016, filed with the SEC on February 22, 2017.

10. Attached hereto as Exhibit F is a true and correct copy of excerpts of Accounting Standards Codification 360: Property, Plant, and Equipment, published by the Financial Accounting Standards Board and referenced in the Complaint at paragraphs 325–30 and 366–69.

11. Attached hereto as Exhibit G is a true and correct copy of excerpts of ExxonMobil's Annual Report (Form 10-K) for the year ended December 31, 2015, filed with the SEC on February 24, 2016.

12. Attached hereto as Exhibit H is a true and correct copy of excerpts of an exhibit to ExxonMobil's Current Report (Form 8-K), filed with the SEC on October 28, 2016.

13. Attached hereto as Exhibit I is a true and correct copy of a press report published on November 5, 2015 by *The Guardian*, entitled "ExxonMobil Under Investigation Over Claims

It Lied About Climate Change Risks." The Complaint alleges at paragraphs 13, 216, and 426 that the article was published in the same newspaper on November 9, 2017, but quotations in the Complaint are from the November 5, 2017 article.

14. Attached hereto as Exhibit J is a true and correct copy of a press report published on January 20, 2016 by *The Los Angeles Times*, entitled "California to Investigate Whether Exxon Mobil Lied About Climate-Change Risks" and referenced in the Complaint at paragraph 429.

15. Attached hereto as Exhibit K is a true and correct copy of a press report published on August 10, 2016 by *The Washington Post*, entitled "Big Oil's Master Class in Rigging the System" and referenced in the Complaint at paragraph 432.

16. Attached hereto as Exhibit L is a true and correct copy of a press report published on August 10, 2016 by *Environment and Energy Publishing LLC*, entitled "Dems question Exxon Support of Carbon Tax, Call for Hearings" and referenced in the Complaint at paragraphs 433–34.

17. Attached hereto as Exhibit M is a true and correct copy of a press report published on October 28, 2016 by *The New York Times*, entitled "Exxon Concedes It May Need to Declare Lower Value for Oil in Ground" and referenced in the Complaint at paragraph 438.

18. Attached hereto as Exhibit N is a true and correct copy of a press report published on October 28, 2016 by *The Wall Street Journal*, entitled "Exxon Warns on Reserves as It Posts Lower Profit" and referenced in the Complaint at paragraph 439.

19. Attached hereto as Exhibit O is a true and correct copy of excerpts of an analyst report published on January 18, 2017 by UBS Securities LLC, entitled "Growth, Yield, ROCE,

and FCF No Longer Warrant Material Premium; Reducing Rating to Sell" and referenced in the Complaint at paragraph 443.

20. Attached hereto as Exhibit P is a true and correct copy of an exhibit to ExxonMobil's Current Report (Form 8-K), filed with the SEC on January 31, 2017.

I declare under penalty of perjury that the foregoing is true and correct.

Dated: September 26, 2017
New York, New York

Jonathan H. Hurwitz
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Exhibit A

2012

ExxonMobil

Taking on the world's toughest energy challenges.™

CORPORATE CITIZENSHIP REPORT

"ExxonMobil's role is to create the technologies and techniques to develop and supply energy to growing populations and economies — in a safe, secure and environmentally responsible manner."

— Rex W. Tillerson, Chairman and CEO

Welcome to the *2012 Corporate Citizenship Report*. Our commitment — to our employees, shareholders and the communities and countries where we work — to operate safely and responsibly starts with our planning, management and accountability systems. It flows from the expertise and diligence of thousands of employees and contractors around the world. Each day, it is their integrity, attention to detail and concern for the local communities in which they live and work that shape our culture of safety and drive our citizenship and operational performance. Their efforts — and commitment to continuous improvement — are what we highlight in this report.

Our Role

In the coming decades, society will continue to face complex challenges related to a growing world population, economic growth, climate change, food security and public health, among others. Most of these issues can only be tackled through effective dialogue and cooperative action between governments, business and civil society. We must recognize that none of the challenges we face can be addressed without reliable and affordable access to energy. Energy powers our offices and schools. It runs life-saving medical equipment and operating rooms. It manufactures vaccines and transports medical personnel. ExxonMobil's role is to create the technologies and techniques to develop and supply energy to growing populations and economies — in a safe, secure and environmentally responsible manner.

Our Long-Term Responsibility

ExxonMobil is focused on the long term. Our projects — and their impacts — span generations, not business or political cycles. Our long-term perspective helps us focus on our responsibilities for environmental protection, social development and economic growth. That's why we are committed to providing our employees and contractors with a safe workplace, and we expect everyone to strive to reduce safety incidents. We discuss this culture of safety on page 37.

Our commitment to operating in an environmentally responsible manner is anchored in our Environmental Policy. Our approach starts with gaining a thorough understanding of the local surroundings. This understanding is critical to our performance. We discuss this process on page 17.

We also recognize the importance of understanding and managing the environmental and social risks associated with climate change. ExxonMobil is taking steps to reduce our own greenhouse gas emissions, investing more than $330 million this year alone, as you will read on page 30.

In the communities where we operate, we continue to work to foster responsible economic growth by partnering with international institutions to develop suppliers and train workers in transferrable skills. We discuss one such example in our Sakhalin case study on page 56, where decades of collaboration have led to increased local capacity.

Commitment to Performance

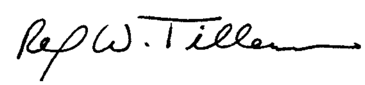
We have established systematic policies and processes to measure, monitor and improve our economic, social and environmental performance. Strong results require effective risk management. They require long-term planning, undeterred by the episodic ups and downs of regional and global economic performance. They also require a relentless focus on operational integrity and best practices. As you will read in this report, we focus on long-term, incremental improvements that drive sustainable results. For example, we have used a variety of methods to improve safety performance, reducing our lost-time incident rate from 2000 to 2012 by 70 percent.

In early 2013, ExxonMobil Pipeline Company responded to a crude oil spill in Mayflower, Arkansas — a regrettable event for which we are deeply sorry. We responded immediately with a focus on community safety, restoring the environment and understanding the cause of the incident. When working to ensure operational integrity, our goal is to manage risk to avoid incidents such as these. But it is also important that if they do occur, we have the competency and the capability to respond and a process to integrate lessons learned into future operations to reduce the risk of reoccurrence.

Building Stakeholder Trust

Industry must work to build stakeholder trust. With every new technological advance comes a renewed obligation to address public questions and concerns. That is why we must continue to engage with communities about how we systematically mitigate risk in our operations. You will read more about this engagement throughout this report. For example, the movement to unlock unconventional natural gas resources in the United States has spurred economic growth and contributed to reducing the nation's greenhouse gas emissions to levels not seen in 20 years. It has also prompted questions from stakeholders about methods industry employs to access these resources, and the proximity of operations to local communities. It is important that we continue listening to those who have a shared stake in this and other issues so that we can continue to build their trust. We look forward to continually improving our performance and contributing to innovation and growth in the decades to come.

We appreciate your interest in ExxonMobil, and we welcome your comments on this report at *exxonmobil.com/citizenship.*



Rex W. Tillerson
Chairman and CEO

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Featured on the cover of the 2012 Corporate Citizenship Report is a natural gas rig in Bad Laer, Germany.

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Each year, ExxonMobil takes a comprehensive look at long-term trends in energy supply, demand and technology to help guide our own long-term strategies and investments.

The *Outlook* provides a window to the future. Over the next five years, ExxonMobil expects to invest approximately $190 billion in energy projects. The *Outlook*'s data-driven approach gives us a detailed picture of energy trends to guide our business investments over the long term.

Population growth fuels energy demand

Our world runs on energy. It is fundamental to our way of life, growing our economy and improving standards of living. But the world is changing. An expanding population, economic growth, new technology development and changes in the nature and scope of regulations are all transforming the energy landscape. We are becoming more energy efficient and moving to cleaner fuels. At the same time, population growth, urbanization and expanding economic prosperity will drive demand higher, especially in Africa and Asia Pacific. ExxonMobil estimates that energy demand in developing nations (non-OECD[1]) will rise 65 percent by 2040 compared with 2010, while overall global energy demand will grow 35 percent. The International Energy Agency's World Energy Outlook New Policies Scenario also projects a 35 percent increase in energy demand from 2010 to 2035.

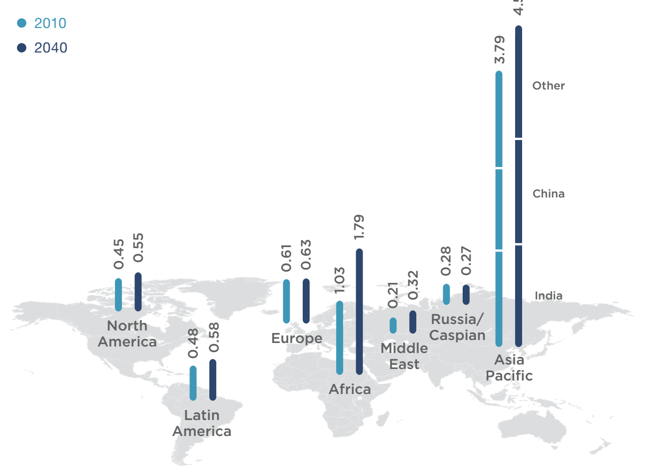
> 35 percent increase in global energy demand by 2040

Trends in electricity generation

Even as energy availability increases, the International Energy Agency estimates that around 1.3 billion people — or slightly less than 20 percent of the world's population — do not have access to electricity. Electricity generation represents the largest energy use across sectors, and this will continue through 2040. In addition to population growth, we expect urbanization to play a role in the growing energy needs through 2040. The United Nations estimates that the percentage of the world's population living in urban areas will increase from about 50 percent in 2010 to more than 60 percent by 2040. An average urban resident consumes more electricity than his or her rural counterpart.

World Population by 2040

Billions of people

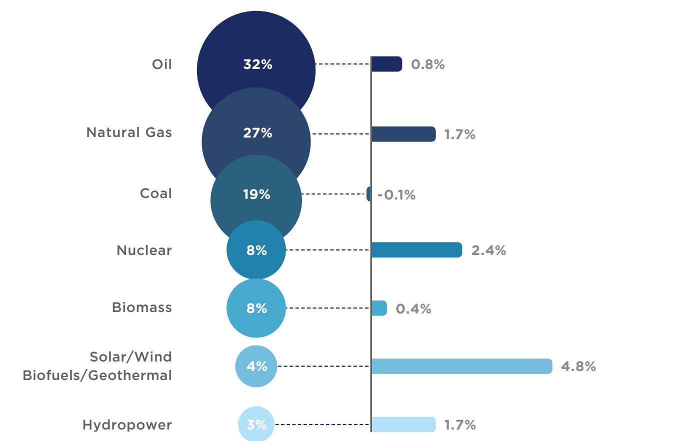


An additional 2 billion people worldwide by 2040 means rising electricity needs. By 2040, 75 percent of the world's population will reside in Asia Pacific and Africa.

Evolving Energy Mix

Energy mix in 2040
Size relative to percent of total mix

Average demand growth per year between 2010 and 2040



By 2040, only about 55 percent of the world's liquid fuel supply will come from conventional crude oil production. The rest will be provided by deepwater, unconventional oil and natural gas liquids and biofuels, as technology enables increased development of these resources.

Today, coal and natural gas are competitive economic options for generating electricity. However, as costs rise due to policies aimed at addressing greenhouse gas (GHG) emissions, natural gas will continue to be competitive due to the fact that it emits up to 60 percent less carbon dioxide (CO_2) than coal when generating electricity. That is why by 2030, ExxonMobil expects the implied cost of CO_2 emissions to reach $60 per ton in OECD countries, and we anticipate global coal demand to begin a long-term decline for the first time in modern history.

Emissions reductions

Over the past decade, countries around the world have been working to address the risks associated with rising GHG emissions. Global emissions growth patterns are already changing — reflecting the more widespread use of energy-efficient technologies and less carbon-intensive energy sources. After decades of growth, energy-related GHG emissions are expected to plateau around 2030, despite a steady rise in overall energy demand.

Technology and trade

As global demand increases, advanced technologies to boost energy supplies are becoming more important. Thirty years from now, oil and natural gas are expected to meet about 60 percent of global demand, and an increasing share of this supply will be produced from unconventional oil and gas resources and deepwater fields. ExxonMobil is developing new technologies to support the safe and economical development of these resources, which are not always located where energy demand is highest.

International trade plays an important role in ensuring the wide distribution of energy around the world. Around 2025, we expect North America will transition to a net exporter of energy, which will help grow the U.S. economy while providing much-needed energy to other regions of the world.

For more information about the projections included in ExxonMobil's *Outlook for Energy*, visit *exxonmobil.com*.

[1]Refer to the Organization for Economic Cooperation and Development (OECD) website — oecd.org — for a listing of its members.

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Engagement

Many people, organizations and communities are directly impacted by — or have a direct impact on — our business. Our engagement approach creates opportunities to provide information, as well as to listen to concerns, identify material issues and benchmark performance against expectations. Issues related to energy are multifaceted, and our stakeholders' desired outcomes may not always align with each other or with the majority of our shareholders' interests. Nevertheless, we will continue to participate in conversations with interested parties representing all points of view. The dialogue developed between ExxonMobil and our key stakeholders allows us to maintain the global perspective necessary to grow our business.

We solicit feedback and identify information gaps, strengths and weaknesses through a variety of mechanisms, including internal and external one-on-one and group dialogues and briefings, senior executive speeches, quarterly earnings teleconferences, focus groups, community consultations, email communications and our corporate blog at *exxonmobilperspectives.com*. We also use our publications such as the *Corporate Citizenship Report, Summary Annual Report* and our shareholder magazine, *The Lamp*, as well as content on our websites to communicate with our interested stakeholders. In each focus area of the *2012 Corporate Citizenship Report,* we include examples of how we engage with stakeholders.

ExxonMobil's Stakeholders

Customers

Millions

of consumers and industrial customers

Employees

Nearly 77,000

employees in 67 countries around the world

Governments

47

countries in which we participate in the development of all major resource types and supply key markets with high-value petroleum and petrochemical products

Shareholders

~2.5 million

individuals and more than 2,000 institutions

Suppliers

~160,000

suppliers of goods and services

Communities, Non-Governmental Organizations and Academic Institutions

542

interactive sessions with nearly 58,000 individuals

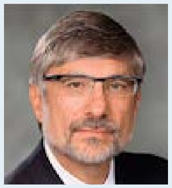
External Citizenship Advisory Panel

In 2009, ExxonMobil created an External Assessment Panel to provide an independent review of our corporate citizenship reporting process. The panel, comprising leading academics, non-governmental organization representatives and socially responsible investors, reviewed and commented on the *2008–2011 Corporate Citizenship Reports.*

In 2011, the External Assessment Panel became the External Citizenship Advisory Panel (ECAP), with an expanded focus on providing strategic and objective advice on ExxonMobil's corporate citizenship activities. The ECAP reviewed an early draft of the *2012 Corporate Citizenship Report,* and we evaluated this feedback and made revisions as appropriate. As with prior reports, the ECAP provided a publicly available statement summarizing key feedback. For the panel's statement on this report, visit *exxonmobil.com/panelfeedback*.

During 2012, the ECAP visited ExxonMobil Development Company's global headquarters in Houston, Texas, to discuss social issues and provide feedback on the *Upstream Socioeconomic Management Standard*. The panel's feedback encouraged us to continue to engage external stakeholders on this subject.

In 2013, the ECAP will visit ExxonMobil's Upstream Research Company in Houston to discuss the Corporation's approach to operating in the Arctic.



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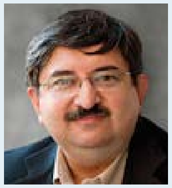
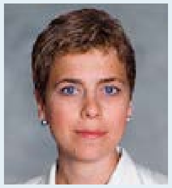
Professor of management and law
Owen Graduate School of Management, Vanderbilt University

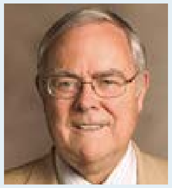
Jane Nelson
Director of Harvard Kennedy School's Corporate Responsibility Initiative



Salil Tripathi
Director of policy
Institute for Human Rights and Business



Elizabeth McGeveran
Sustainability and investment consultant and former senior vice president, Governance and Sustainable Investment
F&C Asset Management



Tim Smith
Director and senior vice president, Environment, Social and Governance
Walden Asset Management

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Exhibit B

2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2013

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 1-2256

EXXON MOBIL CORPORATION

(Exact name of registrant as specified in its charter)

NEW JERSEY	**13-5409005**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

5959 LAS COLINAS BOULEVARD, IRVING, TEXAS 75039-2298
(Address of principal executive offices) (Zip Code)

(972) 444-1000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, without par value (4,321,238,544 shares outstanding at January 31, 2014)	**New York Stock Exchange**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐

Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the voting stock held by non-affiliates of the registrant on June 28, 2013, the last business day of the registrant's most recently completed second fiscal quarter, based on the closing price on that date of $90.35 on the New York Stock Exchange composite tape, was in excess of $397 billion.

Documents Incorporated by Reference: Proxy Statement for the 2014 Annual Meeting of Shareholders (Part III)

EXXON MOBIL CORPORATION
FORM 10-K
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013

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PART I

ITEM 1A. RISK FACTORS

ExxonMobil's financial and operating results are subject to a variety of risks inherent in the global oil, gas, and petrochemical businesses. Many of these risk factors are not within the Company's control and could adversely affect our business, our financial and operating results or our financial condition. These risk factors include:

Supply and Demand

The oil, gas, and petrochemical businesses are fundamentally commodity businesses. This means ExxonMobil's operations and earnings may be significantly affected by changes in oil, gas and petrochemical prices and by changes in margins on refined products. Oil, gas, petrochemical and product prices and margins in turn depend on local, regional and global events or conditions that affect supply and demand for the relevant commodity.

Economic conditions. The demand for energy and petrochemicals correlates closely with general economic growth rates. The occurrence of recessions or other periods of low or negative economic growth will typically have a direct adverse impact on our results. Other factors that affect general economic conditions in the world or in a major region, such as changes in population growth rates, periods of civil unrest, government austerity programs, or currency exchange rate fluctuations, can also impact the demand for energy and petrochemicals. Sovereign debt downgrades, defaults, inability to access debt markets due to credit or legal constraints, liquidity crises, the breakup or restructuring of fiscal, monetary, or political systems such as the European Union, and other events or conditions that impair the functioning of financial markets and institutions also pose risks to ExxonMobil, including risks to the safety of our financial assets and to the ability of our partners and customers to fulfill their commitments to ExxonMobil.

Other demand-related factors. Other factors that may affect the demand for oil, gas and petrochemicals, and therefore impact our results, include technological improvements in energy efficiency; seasonal weather patterns, which affect the demand for energy associated with heating and cooling; increased competitiveness of alternative energy sources that have so far generally not been competitive with oil and gas without the benefit of government subsidies or mandates; and changes in technology or consumer preferences that alter fuel choices, such as toward alternative fueled vehicles.

Other supply-related factors. Commodity prices and margins also vary depending on a number of factors affecting supply. For example, increased supply from the development of new oil and gas supply sources and technologies to enhance recovery from existing sources tend to reduce commodity prices to the extent such supply increases are not offset by commensurate growth in demand. Similarly, increases in industry refining or petrochemical manufacturing capacity tend to reduce margins on the affected products. World oil, gas, and petrochemical supply levels can also be affected by factors that reduce available supplies, such as adherence by member countries to OPEC production quotas and the occurrence of wars, hostile actions, natural disasters, disruptions in competitors' operations, or unexpected unavailability of distribution channels that may disrupt supplies. Technological change can also alter the relative costs for competitors to find, produce, and refine oil and gas and to manufacture petrochemicals.

Other market factors. ExxonMobil's business results are also exposed to potential negative impacts due to changes in interest rates, inflation, currency exchange rates, and other local or regional market conditions. We generally do not use financial instruments to hedge market exposures.

Government and Political Factors

ExxonMobil's results can be adversely affected by political or regulatory developments affecting our operations.

Access limitations. A number of countries limit access to their oil and gas resources, or may place resources off-limits from development altogether. Restrictions on foreign investment in the oil and gas sector tend to increase in times of high commodity prices, when national governments may have less need of outside sources of private capital. Many countries also restrict the import or export of certain products based on point of origin.

Restrictions on doing business. As a U.S. company, ExxonMobil is subject to laws prohibiting U.S. companies from doing business in certain countries, or restricting the kind of business that may be conducted. Such restrictions may provide a competitive advantage to our non-U.S. competitors unless their own home countries impose comparable restrictions.

Lack of legal certainty. Some countries in which we do business lack well-developed legal systems, or have not yet adopted clear regulatory frameworks for oil and gas development. Lack of legal certainty exposes our operations to increased risk of adverse or unpredictable actions by government officials, and also makes it more difficult for us to enforce our contracts. In some cases these risks can be partially offset by agreements to arbitrate disputes in an international forum, but the adequacy of this remedy may still depend on the local legal system to enforce an award.

Regulatory and litigation risks. Even in countries with well-developed legal systems where ExxonMobil does business, we remain exposed to changes in law (including changes that result from international treaties and accords) that could adversely affect our results, such as:

- increases in taxes or government royalty rates (including retroactive claims);
- price controls;
- changes in environmental regulations or other laws that increase our cost of compliance or reduce or delay available business opportunities (including changes in laws related to offshore drilling operations, water use, or hydraulic fracturing);
- adoption of regulations mandating the use of alternative fuels or uncompetitive fuel components;
- adoption of government payment transparency regulations that could require us to disclose competitively sensitive commercial information, or that could cause us to violate the non-disclosure laws of other countries; and
- government actions to cancel contracts, re-denominate the official currency, renounce or default on obligations, renegotiate terms unilaterally, or expropriate assets.

Legal remedies available to compensate us for expropriation or other takings may be inadequate.

We also may be adversely affected by the outcome of litigation, especially in countries such as the United States in which very large and unpredictable punitive damage awards may occur, or by government enforcement proceedings alleging non-compliance with applicable laws or regulations.

Security concerns. Successful operation of particular facilities or projects may be disrupted by civil unrest, acts of sabotage or terrorism, and other local security concerns. Such concerns may require us to incur greater costs for security or to shut down operations for a period of time.

Climate change and greenhouse gas restrictions. Due to concern over the risk of climate change, a number of countries have adopted, or are considering the adoption of, regulatory frameworks to reduce greenhouse gas emissions. These include adoption of cap and trade regimes, carbon taxes, restrictive permitting, increased efficiency standards, and incentives or mandates for renewable energy. These requirements could make our products more expensive, lengthen project implementation times, and reduce demand for hydrocarbons, as well as shift hydrocarbon demand toward relatively lower-carbon sources such as natural gas. Current and pending greenhouse gas regulations may also increase our compliance costs, such as for monitoring or sequestering emissions.

Government sponsorship of alternative energy. Many governments are providing tax advantages and other subsidies to support alternative energy sources or are mandating the use of specific fuels or technologies. Governments are also promoting research into new technologies to reduce the cost and increase the scalability of alternative energy sources. We are conducting our own research efforts into alternative energy, such as through sponsorship of the Global Climate and Energy Project at Stanford University and research into liquid products from algae and biomass that can be further converted to transportation fuels. Our future results may depend in part on the success of our research efforts and on our ability to adapt and apply the strengths of our current business model to providing the energy products of the future in a cost-competitive manner. See "Management Effectiveness" below.

Management Effectiveness

In addition to external economic and political factors, our future business results also depend on our ability to manage successfully those factors that are at least in part within our control. The extent to which we manage these factors will impact our performance relative to competition. For projects in which we are not the operator, we depend on the management effectiveness of one or more co-venturers whom we do not control.

Exploration and development program. Our ability to maintain and grow our oil and gas production depends on the success of our exploration and development efforts. Among other factors, we must continuously improve our ability to identify the most promising resource prospects and apply our project management expertise to bring discovered resources on line on schedule and within budget.

Project management. The success of ExxonMobil's Upstream, Downstream, and Chemical businesses depends on complex, long-term, capital intensive projects. These projects in turn require a high degree of project management expertise to maximize efficiency. Specific factors that can affect the performance of major projects include our ability to: negotiate successfully with joint venturers, partners, governments, suppliers, customers, or others; model and optimize reservoir performance; develop markets for project outputs, whether through long-term contracts or the development of effective spot markets; manage changes in operating conditions and costs, including costs of third party equipment or services such as drilling rigs and shipping; prevent, to the extent possible, and respond effectively to unforeseen technical difficulties that could delay project startup or cause unscheduled project downtime; and influence the performance of project operators where ExxonMobil does not perform that role.

The term "project" as used in this report can refer to a variety of different activities and does not necessarily have the same meaning as in any government payment transparency reports.

Operational efficiency. An important component of ExxonMobil's competitive performance, especially given the commodity-based nature of many of our businesses, is our ability to operate efficiently, including our ability to manage expenses and improve production yields on an ongoing basis. This requires continuous management focus, including technology improvements, cost control, productivity enhancements, regular reappraisal of our asset portfolio, and the recruitment, development and retention of high caliber employees.

Research and development. To maintain our competitive position, especially in light of the technological nature of our businesses and the need for continuous efficiency improvement, ExxonMobil's research and development organizations must be successful and able to adapt to a changing market and policy environment.

Safety, business controls, and environmental risk management. Our results depend on management's ability to minimize the inherent risks of oil, gas, and petrochemical operations, to control effectively our business activities and to minimize the potential for human error. We apply rigorous management systems and continuous focus to workplace safety and to avoiding spills or other adverse environmental events. For example, we work to minimize spills through a combined program of effective operations integrity management, ongoing upgrades, key equipment replacements, and comprehensive inspection and surveillance. Similarly, we are implementing cost-effective new technologies and adopting new operating practices to reduce air emissions, not only in response to government requirements but also to address community priorities. We also maintain a disciplined framework of internal controls and apply a controls management system for monitoring compliance with this framework. Substantial liabilities and other adverse impacts could result if our management systems and controls do not function as intended. The ability to insure against such risks is limited by the capacity of the applicable insurance markets, which may not be sufficient.

Business risks also include the risk of cybersecurity breaches. If our systems for protecting against cybersecurity risks prove not to be sufficient, ExxonMobil could be adversely affected such as by having its business systems compromised, its proprietary information altered, lost or stolen, or its business operations disrupted.

Preparedness. Our operations may be disrupted by severe weather events, natural disasters, human error, and similar events. For example, hurricanes may damage our offshore production facilities or coastal refining and petrochemical plants in vulnerable areas. Our ability to mitigate the adverse impacts of these events depends in part upon the effectiveness of our rigorous disaster preparedness and response planning, as well as business continuity planning.

Projections, estimates and descriptions of ExxonMobil's plans and objectives included or incorporated in Items 1, 1A, 2, 7 and 7A of this report are forward-looking statements. Actual future results, including project completion dates, production rates, capital expenditures, costs and business plans could differ materially due to, among other things, the factors discussed above and elsewhere in this report.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

CRITICAL ACCOUNTING ESTIMATES

The Corporation's accounting and financial reporting fairly reflect its straightforward business model involving the extracting, refining and marketing of hydrocarbons and hydrocarbon-based products. The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles (GAAP) requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. The Corporation's accounting policies are summarized in Note 1.

Oil and Gas Reserves

Evaluations of oil and gas reserves are important to the effective management of upstream assets. They are an integral part of investment decisions about oil and gas properties such as whether development should proceed. Oil and gas reserve quantities are also used as the basis to calculate unit-of-production depreciation rates and to evaluate impairment.

Oil and gas reserves include both proved and unproved reserves. Proved oil and gas reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible. Unproved reserves are those with less than reasonable certainty of recoverability and include probable reserves. Probable reserves are reserves that are more likely to be recovered than not.

The estimation of proved reserves is an ongoing process based on rigorous technical evaluations, commercial and market assessment, and detailed analysis of well information such as flow rates and reservoir pressure declines. The estimation of proved reserves is controlled by the Corporation through long-standing approval guidelines. Reserve changes are made within a well-established, disciplined process driven by senior level geoscience and engineering professionals, assisted by the Reserves Technical Oversight group which has significant technical experience, culminating in reviews with and approval by senior management. Notably, the Corporation does not use specific quantitative reserve targets to determine compensation. Key features of the reserve estimation process are covered in Disclosure of Reserves in Item 2.

Although the Corporation is reasonably certain that proved reserves will be produced, the timing and amount recovered can be affected by a number of factors including completion of development projects, reservoir performance, regulatory approvals and significant changes in long-term oil and gas price levels.

Proved reserves can be further subdivided into developed and undeveloped reserves. The percentage of proved developed reserves was 66 percent of total proved reserves at year-end 2013 (including both consolidated and equity company reserves), and has been over 60 percent for the last ten years, indicating that proved reserves are consistently moved from undeveloped to developed status.

Revisions can include upward or downward changes in previously estimated volumes of proved reserves for existing fields due to the evaluation or re-evaluation of (1) already available geologic, reservoir or production data, (2) new geologic, reservoir or production data or (3) changes in prices and year-end costs that are used in the estimation of reserves. Revisions can also result from significant changes in development strategy or production equipment/facility capacity.

Impact of Oil and Gas Reserves on Depreciation. The calculation of unit-of-production depreciation is a critical accounting estimate that measures the depreciation of upstream assets. It is the ratio of actual volumes produced to total proved developed reserves (those proved reserves recoverable through existing wells with existing equipment and operating methods), applied to the asset cost. The volumes produced and asset cost are known and, while proved developed reserves have a high probability of recoverability, they are based on estimates that are subject to some variability. While the revisions the Corporation has made in the past are an indicator of variability, they have had a very small impact on the unit-of-production rates because they have been small compared to the large reserves base.

Impact of Oil and Gas Reserves and Prices on Testing for Impairment. Proved oil and gas properties held and used by the Corporation are reviewed for impairment whenever events or circumstances indicate that the carrying amounts may not be recoverable. Assets are grouped at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets.

The Corporation estimates the future undiscounted cash flows of the affected properties to judge the recoverability of carrying amounts. Impairment analyses are generally based on proved reserves. Where probable reserves exist, an appropriately risk-adjusted amount of these reserves may be included in the impairment evaluation. An asset group would be impaired if its undiscounted cash flows were less than the asset's carrying value. Impairments are measured by the amount by which the carrying value exceeds fair value.

Significant unproved properties are assessed for impairment individually, and valuation allowances against the capitalized costs are recorded based on the estimated economic chance of success and the length of time that the Corporation expects to hold the properties. Properties that are not individually significant are aggregated by groups and amortized based on development risk and average holding period.

The Corporation performs asset valuation analyses on an ongoing basis as a part of its asset management program. These analyses assist the Corporation in assessing whether the carrying amounts of any of its assets may not be recoverable. In addition to estimating oil and gas reserve volumes in conducting these analyses, it is also necessary to estimate future oil and gas prices. Potential trigger events for impairment evaluation include a significant decrease in current and projected reserve volumes, an accumulation of project costs significantly in excess of the amount originally expected, and current period operating losses combined with a history and forecast of operating or cash flow losses.

In general, the Corporation does not view temporarily low prices or margins as a trigger event for conducting the impairment tests. The markets for crude oil and natural gas have a history of significant price volatility. Although prices will occasionally drop significantly, industry prices over the long term will continue to be driven by market supply and demand. On the supply side, industry production from mature fields is declining, but this is being offset by production from new discoveries and field developments. OPEC production policies also have an impact on world oil supplies. The demand side is largely a function of global economic growth. The relative growth/decline in supply versus demand will determine industry prices over the long term, and these cannot be accurately predicted.

Accordingly, any impairment tests that the Corporation performs make use of the Corporation's price assumptions developed in the annual planning and budgeting process for the crude oil and natural gas markets, petroleum products and chemicals. These are the same price assumptions that are used for capital investment decisions. Volumes are based on field production profiles, which are updated annually. Cash flow estimates for impairment testing exclude the effects of derivative instruments.

Supplemental information regarding oil and gas results of operations, capitalized costs and reserves is provided following the notes to consolidated financial statements. Future prices used for any impairment tests will vary from the ones used in the supplemental oil and gas disclosure and could be lower or higher for any given year.

Asset Retirement Obligations

The Corporation incurs retirement obligations for certain assets. The fair values of these obligations are recorded as liabilities on a discounted basis, which is typically at the time the assets are installed. In the estimation of fair value, the Corporation uses assumptions and judgments regarding such factors as the existence of a legal obligation for an asset retirement obligation; technical assessments of the assets; estimated amounts and timing of settlements; discount rates; and inflation rates. Asset retirement obligations are disclosed in Note 9 to the financial statements.

Suspended Exploratory Well Costs

The Corporation continues capitalization of exploratory well costs when the well has found a sufficient quantity of reserves to justify its completion as a producing well and the Corporation is making sufficient progress assessing the reserves and the economic and operating viability of the project. Exploratory well costs not meeting these criteria are charged to expense. The facts and circumstances that support continued capitalization of suspended wells at year-end are disclosed in Note 10 to the financial statements.

Consolidations

The Consolidated Financial Statements include the accounts of those subsidiaries that the Corporation controls. They also include the Corporation's share of the undivided interest in certain upstream assets, liabilities, revenues and expenses. Amounts representing the Corporation's interest in the underlying net assets of other significant entities that it does not control, but over which it exercises significant influence, are accounted for using the equity method of accounting.

Investments in companies that are partially owned by the Corporation are integral to the Corporation's operations. In some cases they serve to balance worldwide risks, and in others they provide the only available means of entry into a particular market or area of interest. The other parties who also have an equity interest in these companies are either independent third parties or host governments that share in the business results according to their ownership. The Corporation does not invest in these companies in order to remove liabilities from its balance sheet. In fact, the Corporation has long been on record supporting an alternative accounting method that would require each investor to consolidate its share of all assets and liabilities in these partially owned companies rather than only its interest in net equity. This method of accounting for investments in partially-owned companies is not permitted by U.S. GAAP except where the investments are in the direct ownership of a share of upstream assets and liabilities. However, for purposes of calculating return on average capital employed, which is not covered by U.S. GAAP standards, the Corporation includes its share of debt of these partially-owned companies in the determination of average capital employed.

Exhibit C

Energy and Carbon -- Managing the Risks

ExxonMobil[1] engages in constructive and informed dialogue with a wide variety of stakeholders on a number of energy-related topics. This report seeks to address important questions raised recently by several stakeholder organizations on the topics of global energy demand and supply, climate change policy, and carbon asset risk.

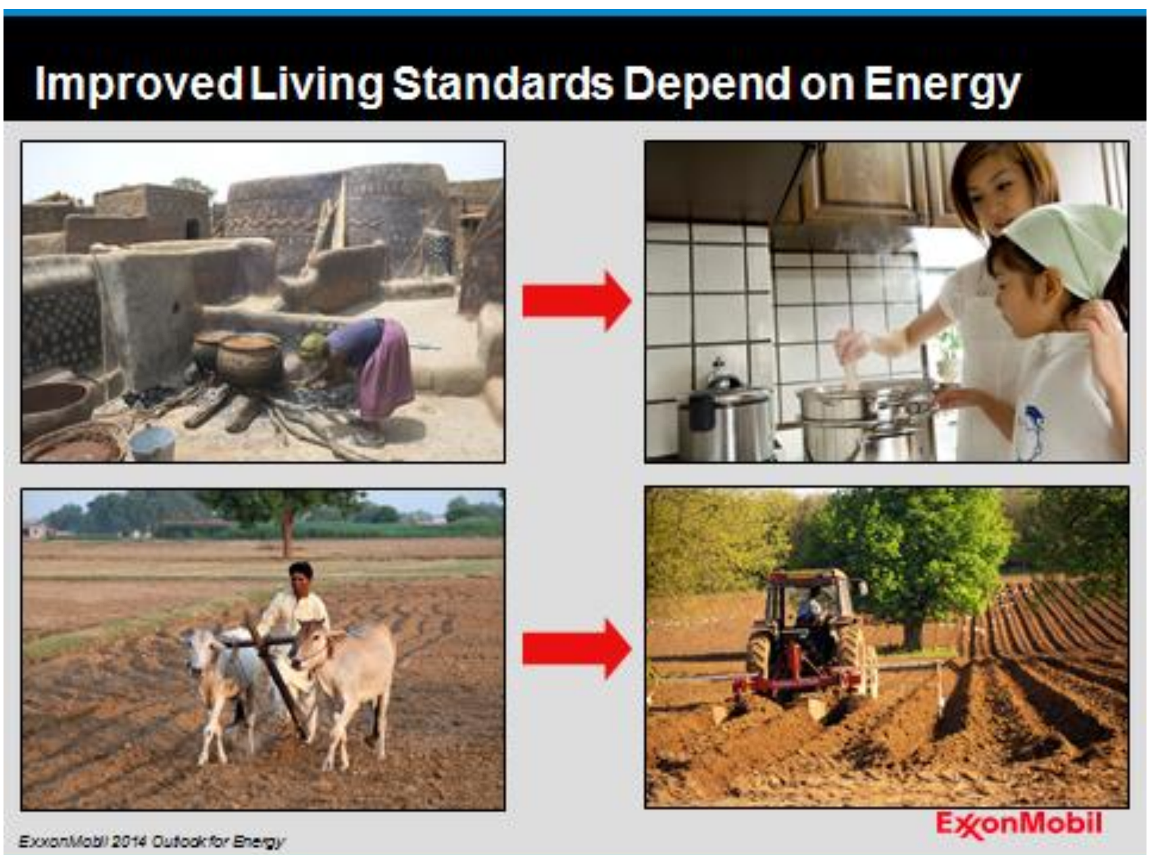
As detailed below, ExxonMobil makes long-term investment decisions based in part on our rigorous, comprehensive annual analysis of the global outlook for energy, an analysis that has repeatedly proven to be consistent with the International Energy Agency *World Energy Outlook*, the U.S. Energy Information Administration *Annual Energy Outlook*, and other reputable, independent sources. For several years, our *Outlook for Energy* has explicitly accounted for the prospect of policies regulating greenhouse gas emissions (GHG). This factor, among many others, has informed investments decisions that have led ExxonMobil to become the leading producer of cleaner-burning natural gas in the United States, for example.

Based on this analysis, we are confident that none of our hydrocarbon reserves are now or will become "stranded." We believe producing these assets is essential to meeting growing energy demand worldwide, and in preventing consumers – especially those in the least developed and most vulnerable economies – from themselves becoming stranded in the global pursuit of higher living standards and greater economic opportunity.

[1] As used in this document, "ExxonMobil" means Exxon Mobil Corporation and/or one or more of its affiliated companies. Statements of future events or conditions in this report are forward-looking statements. Actual future results, including economic conditions and growth rates; energy demand and supply sources; efficiency gains; and capital expenditures, could differ materially due to factors including technological developments; changes in law or regulation; the development of new supply sources; demographic changes; and other factors discussed herein and under the heading "Factors Affecting Future Results" in the Investors section of our website at: www.exxonmobil.com. The information provided includes ExxonMobil's internal estimates and forecasts based upon internal data and analyses, as well as publicly available information from external sources including the International Energy Agency. Citations in this document are used for purposes of illustration and reference only and any citation to outside sources does not necessarily mean that ExxonMobil endorses all views or opinions expressed in or by those sources.

1. Strong Correlation between Economic Growth and Energy Use

The universal importance of accessible and affordable energy for modern life is undeniable. Energy powers economies and enables progress throughout the world. It provides heat for homes and businesses to protect against the elements; power for hospitals and clinics to run advanced, life-saving equipment; fuel for cooking and transportation; and light for schools and streets. Energy is the great enabler for modern living and it is difficult to imagine life without it. Given the importance of energy, it is little wonder that governments seek to safeguard its accessibility and affordability for their growing populations. It is also understandable that any restrictions on energy production that decrease its accessibility, reliability or affordability are of real concern to consumers who depend upon it.



2. World Energy Needs Keep Growing

Each year, ExxonMobil analyzes trends in energy and publishes our forecast of global energy requirements in our *Outlook for Energy*. The Outlook provides the foundation for our business and investment planning, and is compiled from the breadth of the company's worldwide experience in and understanding of the energy industry. It is based on rigorous analyses of supply and demand, technological development, economics, and government policies and regulations, and it is consistent with many independent, reputable third-party analyses.

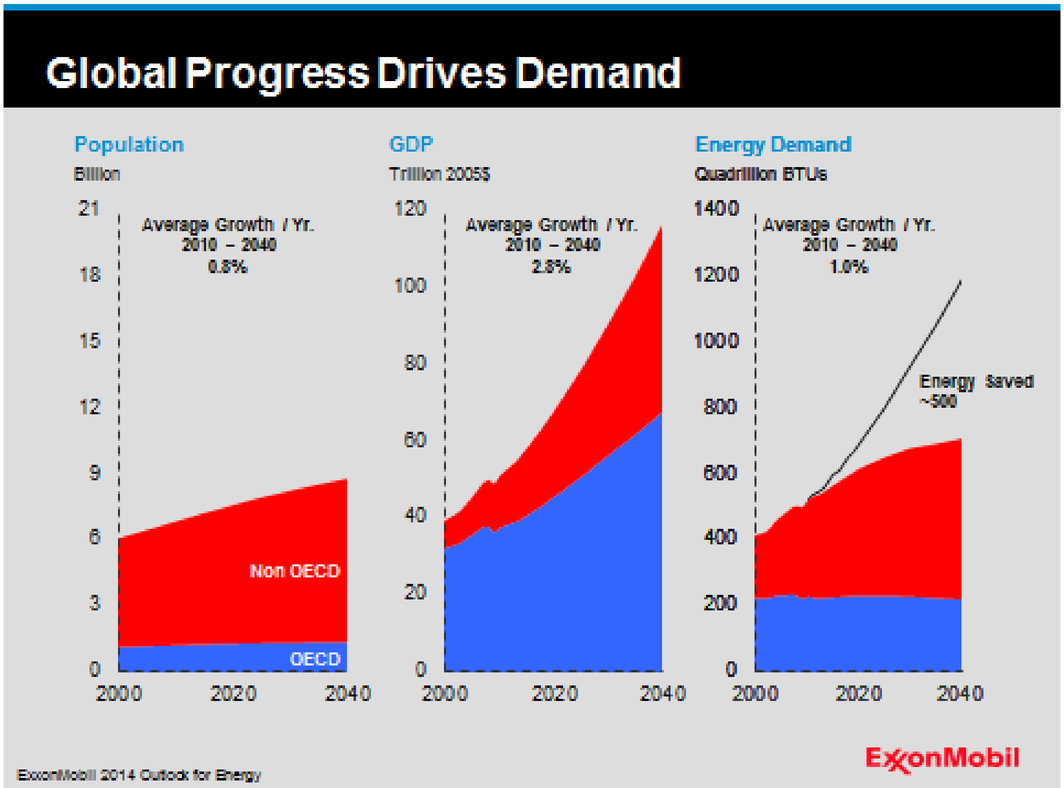
ExxonMobil's current *Outlook for Energy* extends through the year 2040, and contains several conclusions that are relevant to questions raised by stakeholder organizations. Understanding this factual and analytical foundation is crucial to understanding ExxonMobil's investment decisions and approach to the prospect of further constraints on carbon.

<u>World population increases</u>. Ultimately, the focus of ExxonMobil's *Outlook for Energy* – indeed, the focus of our business – is upon people, their economic aspirations and their energy requirements. Accordingly, our analysis begins with demographics. Like many independent analyses, ExxonMobil anticipates the world's population will add two billion people to its current total of seven billion by the end of the Outlook period. The majority of this growth will occur in developing countries.

<u>World GDP grows</u>. The global economy will grow as the world's population increases, and it is our belief that GDP gains will outpace population gains over the Outlook period, resulting in higher living standards. Assuming sufficient, reliable and affordable energy is available, we see world GDP growing at a rate that exceeds population growth through the Outlook period, almost tripling in size from what it was globally in 2000.[2] It is

[2] We see global GDP approaching $120 trillion, as compared to $40 trillion of global GDP in 2000 (all in constant 2005 USA$'s). GDP per capita will also grow by about 80 percent between 2010 and 2040, despite the increase in population.

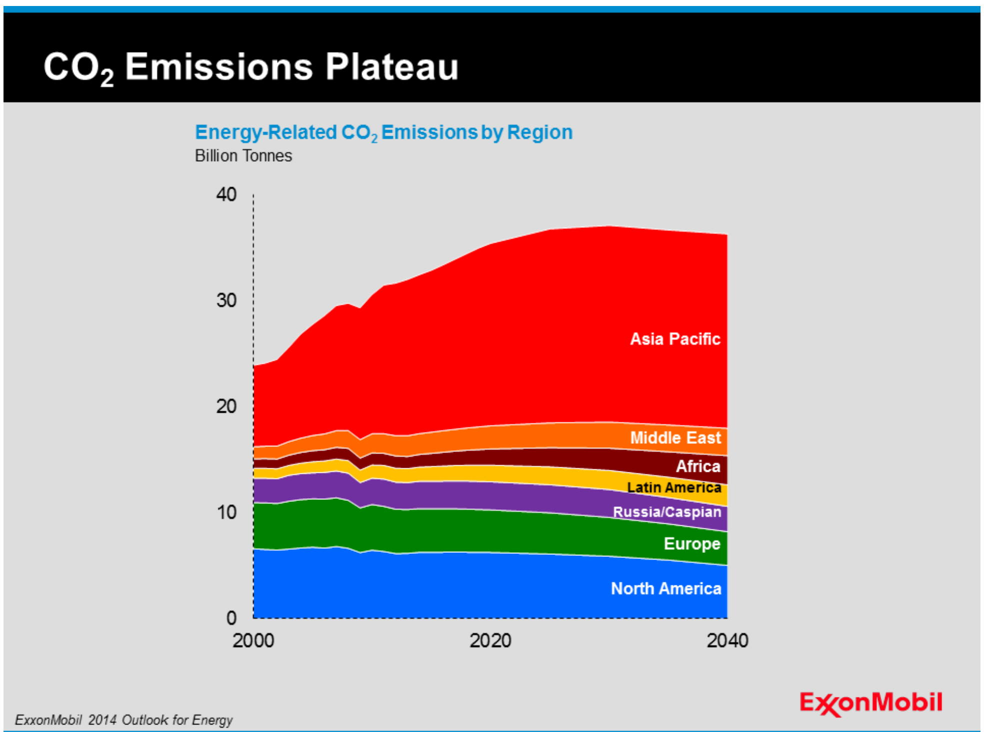
largely the poorest and least developed of the world's countries that benefit most from this anticipated growth. However, this level of GDP growth requires more accessible, reliable and affordable energy to fuel growth, and it is vulnerable populations who would suffer most should that growth be artificially constrained.



<u>Energy demand grows with population and GDP</u>. As the world becomes more populous and living standards improve over the Outlook period, energy demand will increase as well. We see the world requiring 35 percent more energy in 2040 than it did in 2010. The pace of this energy demand increase is higher than the population growth rate, but less than global GDP growth rate. Greater energy efficiency is a key reason why energy demand growth trails economic growth. We see society implementing policy changes that will promote energy efficiency, which will serve to limit energy demand growth. We also see many governments adopting policies that promote the switch to less carbon-intensive fuels, such as natural gas. As noted in the chart above, energy demand in 2040 could be almost double what it would be without the anticipated efficiency gains.

ExxonMobil believes that efficiency is one of the most effective tools available to manage greenhouse gas emissions, and accordingly our company is making significant contributions to energy efficiency, both in our own operations and in our products.

Energy-related CO2 emissions stabilize and start decreasing. As the world's population grows and living standards increase, we believe GHG emissions will plateau and start decreasing during the Outlook period. In the OECD countries, energy-based GHG emissions have already peaked and are declining. Our views in this regard are similar to other leading, independent forecasts.[3]



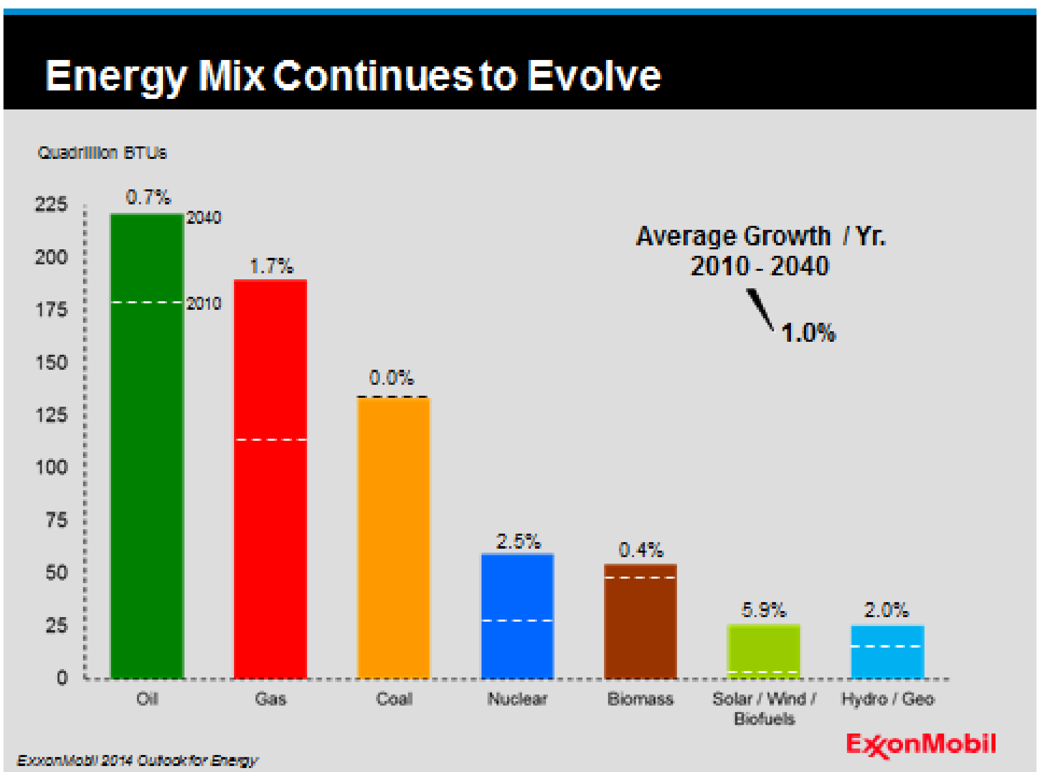
As part of our Outlook process, we do not project overall atmospheric GHG concentration, nor do we model global average temperature impacts.[4] However, we do project an energy-related CO2 emissions profile through 2040, and this can be compared

[3] For example, the IEA predicts that energy-related emissions will grow by 20%, on trend but slightly higher than our Outlook. See www.worldenergyOutlook.org.

[4] These would require data inputs that are well beyond our company's ability to reasonably measure or verify.

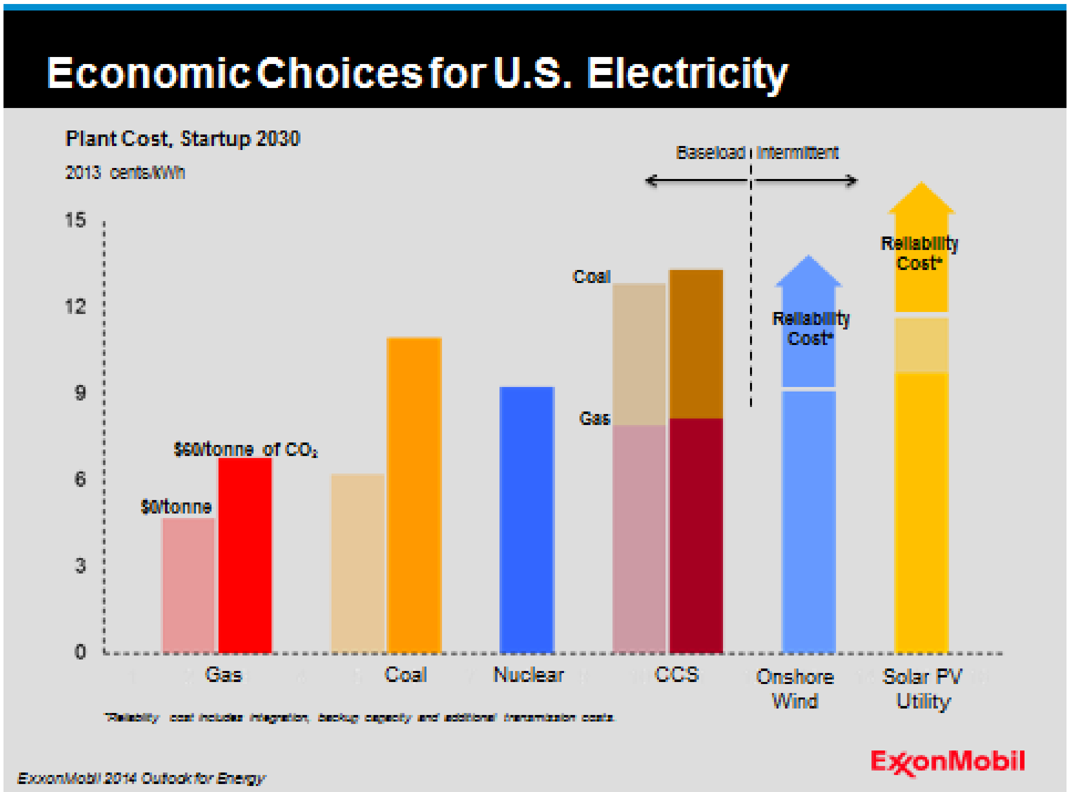
to the energy-related CO_2 emissions profiles from various scenarios outlined by the Intergovernmental Panel on Climate Change (IPCC). When we do this, our Outlook emissions profile through 2040 would closely approximate the IPCC's intermediate RCP 4.5 emissions profile pathway in shape, but is slightly under it in magnitude.[5]

<u>All economic energy sources are needed to meet growing global demand.</u> In analyzing the evolution of the world's energy mix, we anticipate renewables growing at the fastest pace among all sources through the Outlook period. However, because they make a relatively small contribution compared to other energy sources, renewables will continue to comprise about 5 percent of the total energy mix by 2040. Factors limiting further penetration of renewables include scalability, geographic dispersion, intermittency (in the case of solar and wind), and cost relative to other sources.



[5] The IPCC RCP 4.5 scenario extends 60 years beyond our Outlook period to the year 2100, and incorporates a full carbon cycle analysis. The relevant time horizons differ and we do not forecast potential climate impacts as part of our Outlook, and therefore cannot attest to their accuracy.

The cost limitations of renewables are likely to persist even when higher costs of carbon are considered.



3. Climate Change Risk

ExxonMobil takes the risk of climate change seriously, and continues to take meaningful steps to help address the risk and to ensure our facilities, operations and investments are managed with this risk in mind.

Many governments are also taking these risks seriously, and are considering steps they can take to address them. These steps may vary in timing and approach, but regardless, it is our belief they will be most effective if they are informed by global energy demand and supply realities, and balance the economic aspirations of consumers.

contributed to the United States reducing greenhouse gas emissions last year to levels not seen since 1994. Furthermore, the impact of efficiency is expected to help stabilize and eventually to reduce GHG emissions over the Outlook period, as discussed previously. These constraints will also likely result in dramatic global growth in natural gas consumption at the expense of other forms of energy, such as coal.

We see the continued focus on efficiency, conservation and fuel switching as some of the most effective and balanced ways society can address climate change within the Outlook period in a manner that avoids the potentially harmful and destabilizing consequences that the artificial capping of needed carbon-based energy sources implied within the "low carbon scenario" can cause.[10]

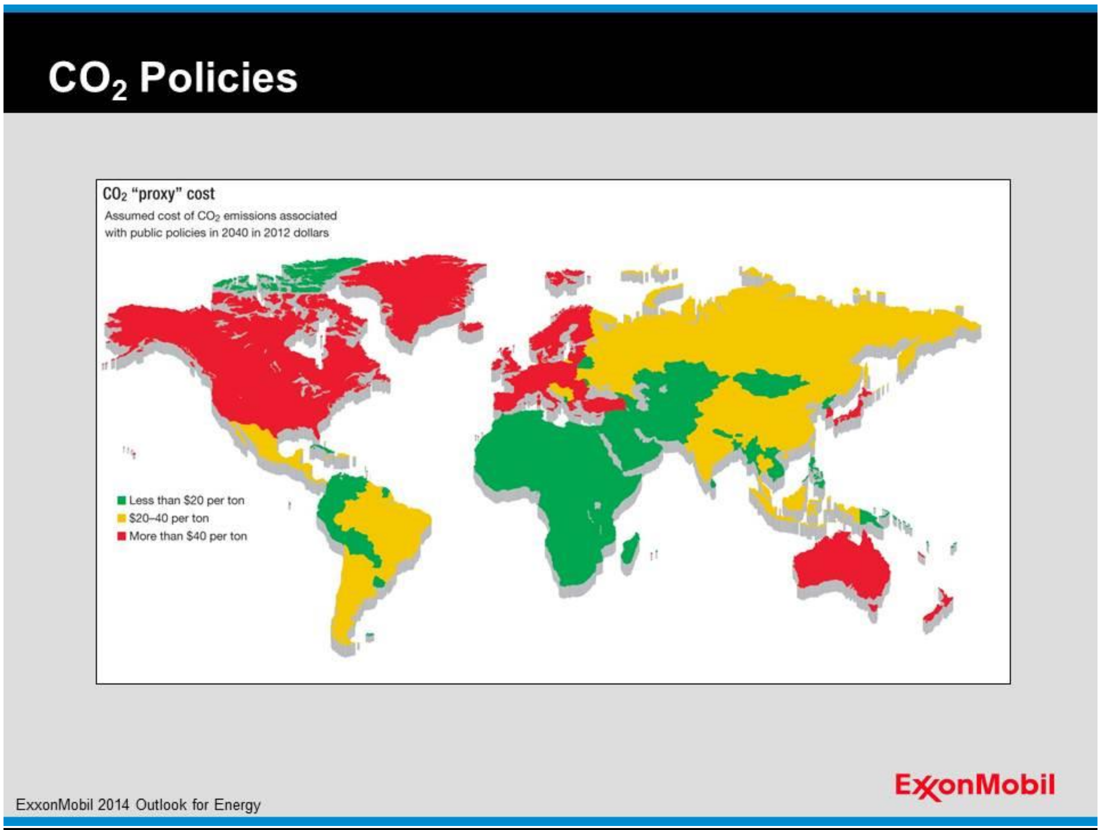
6. Planning Bases and Investments

ExxonMobil is committed to disciplined investing in attractive opportunities through the normal fluctuations in business cycles. Projects are evaluated under a wide range of possible economic conditions and commodity prices that are reasonably likely to occur, and we expect them to deliver competitive returns through the cycles. We do not publish the economic bases upon which we evaluate investments due to competitive considerations. However, we apply prudent and substantial safety margins in our planning assumptions to help ensure robust returns. In assessing the economic viability of proved reserves, we do not believe a scenario consistent with reducing GHG emissions by 80 percent by 2050, as suggested by the "low carbon scenario," lies within the "reasonably likely to occur" range of planning assumptions, since we consider the scenario highly unlikely.

The company also stress tests its oil and natural gas capital investment opportunities, which provides an added margin of safety against uncertainties, such as those related to technology, costs, geopolitics, availability of required materials, services, and labor, etc.

[10] Permitting the freer trade and export of natural gas is but one way, for example, where countries that rely on more carbon-intense forms of energy can increase their use of cleaner-burning fuels.

Such stress testing differs from alternative scenario planning, such as alternate Outlooks, which we do not develop, but stress testing provides us an opportunity to fully consider different economic scenarios in our planning and investment process. The Outlook is reviewed at least annually, and updated as needed to reflect changes in views and circumstances, including advances in technology.



We also address the potential for future climate-related controls, including the potential for restriction on emissions, through the use of a proxy cost of carbon. This proxy cost of carbon is embedded in our current *Outlook for Energy*, and has been a feature of the report for several years. The proxy cost seeks to reflect all types of actions and policies that governments may take over the Outlook period relating to the exploration, development, production, transportation or use of carbon-based fuels. Our proxy cost,

which in some areas may approach $80/ton over the Outlook period[11], is not a suggestion that governments should apply specific taxes. It is also not the same as a "social cost of carbon," which we believe involves countless more assumptions and subjective speculation on future climate impacts. It is simply our effort to quantify what we believe government policies over the Outlook period could cost to our investment opportunities. Perhaps most importantly, we require that all our business segments include, where appropriate, GHG costs in their economics when seeking funding for capital investments. We require that investment proposals reflect the climate-related policy decisions we anticipate governments making during the Outlook period and therefore incorporate them as a factor in our specific investment decisions.

When governments are considering policy options, ExxonMobil advocates an approach that ensures a uniform and predictable cost of carbon; allows market prices to drive solutions; maximizes transparency to stakeholders; reduces administrative complexity; promotes global participation; and is easily adjusted to future developments in climate science and policy impacts. We continue to believe a revenue-neutral carbon tax is better able to accommodate these key criteria than alternatives such as cap-and-trade.

Our views are based on our many years of successful energy experience worldwide and are similar to long-term energy demand forecasts of the International Energy Agency. As discussed previously, we see population, GDP and energy needs increasing for the world over the Outlook period, and that *all* economically viable energy sources will be required to meet these growing needs. We believe that governments will carefully balance the risk of climate change against other pressing social needs over the Outlook period, including the need for accessible, reliable and affordable energy, and that an artificial capping of carbon-based fuels to levels in the "low carbon scenario" is highly unlikely.

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[11] As noted in our Outlook, this amount varies from country to country, with that amount generally equating to OECD countries, and lower amounts applying to non-OECD countries.

7. Capital Allocation

ExxonMobil maintains capital allocation discipline with rigorous project evaluation and investment selectivity, while consistently returning cash to our shareholders. Our capital allocation approach is as follows:

I. Invest in resilient, attractive business opportunities
II. Pay a reliable and growing dividend
III. Return excess cash to shareholders through the purchase of shares.

Although the company does not incorporate the "low carbon scenario" in its capital allocation plans, a key strategy to ensure investment selectivity under a wide range of economic assumptions is to maintain a very diverse portfolio of oil and gas investment opportunities. This diversity – in terms of resource type and corresponding development options (oil, gas, NGLs, onshore, offshore, deepwater, conventional, unconventional, LNG, etc.) and geographic dispersion is unparalleled in the industry. Further, the company does not believe current investments in new reserves are exposed to the risk of stranded assets, given the rising global need for energy as discussed earlier.

8. Optional Reserves Disclosure under SEC Rules

Some have suggested that ExxonMobil consider availing itself of an optional disclosure available to securities issuers under Item 1202 of SEC Regulation S-K. [12] That SEC item provides, among other things, that "the registrant may, but is not required to, disclose, in the aggregate, an estimate of reserves estimated for each product type based on different price and cost criteria, such as a range of prices and costs that may reasonably be

[12] The rules were subject to comment at the time that they were proposed. See Modernization of Oil and Gas Reporting, Securities and Exchange Commission, 17 CFR Parts 210, 211, 229, and 249 [Release Nos. 33-8995; 34-59192; FR-78; File Nos. S7-15-08] at p. 66. (***www.sec.gov****/rules/final/2008/33-8995.pdf)* ExxonMobil also provided comments to the proposed provision. See Letter of Exxon Mobil Corporation to Ms. Florence Harmon, Acting Secretary, Securities and Exchange Commission, September 5, 2008, File Number S7-15-08 – Modernization of the Oil and Gas Reporting Requirements at p. 24.

achieved, including standardized futures prices or management's own forecasts." Proponents ask the company to use this option to identify the price sensitivity of its reserves, with special reference to long-lived unconventional reserves such as oil sands.

We believe the public reporting of reserves is best done using the historical price basis as required under Item 1202(a) of Regulation S-K, rather than the optional sensitivity analysis under Item 1202(b), for several reasons. First and most importantly, historical prices are a known quantity and reporting on this basis provides information that can be readily compared between different companies and over multiple years.[13] Proved reserve reporting using historical prices is a conservative approach that gives investors confidence in the numbers being reported.

Using speculative future prices, on the other hand, would introduce uncertainty and potential volatility into the reporting, which we do not believe would be helpful for investors. In fact, we believe such disclosure could be misleading. Price forecasts are subject to considerable uncertainty. While ExxonMobil tests its project economics to ensure they will be robust under a wide variety of possible future circumstances, we do not make predictions or forecasts of future oil and gas prices. If reserves determined on a speculative price were included in our SEC filings, we believe such disclosure could potentially mislead investors, or give such prices greater weight in making investment decisions than would be warranted.

We are also concerned that providing the optional sensitivity disclosure could enable our competitors to infer commercial information about our projects, resulting in commercial harm to ExxonMobil and our shareholders. We note that none of our key competitors to our knowledge provide the Item 1202(b) sensitivity disclosure.

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[13] We note the rules under 1202(a) use an average of monthly prices over the year rather than a single "spot" price, thus helping to reduce the effects of short-term volatility that often characterize oil and gas prices.

Lastly, we note that even when sensitivity disclosure under Item 1202(b) is included in a filing, the price and cost assumptions must be ones the company believes are reasonable. This disclosure item is therefore not intended or permitted to be a vehicle for exploring extreme scenarios.

For all the above reasons, we do not believe including the sensitivity disclosure under Item 1202(b) in our SEC filings would be prudent or in the best interest of our shareholders.

9. Summary

In summary, ExxonMobil's *Outlook for Energy* continues to provide the basis for our long-term investment decisions. Similar to the forecasts of other independent analysts, our Outlook envisions a world in which populations are growing, economies are expanding, living standards are rising, and, as a result, energy needs are increasing. Meeting these needs will require all economic energy sources, especially oil and natural gas.

Our *Outlook for Energy* also envisions that governments will enact policies to constrain carbon in an effort to reduce greenhouse gas emissions and manage the risks of climate change. We seek to quantify the cumulative impact of such policies in a proxy cost of carbon, which has been a consistent feature of our *Outlook for Energy* for many years.

We rigorously consider the risk of climate change in our planning bases and investments. Our investments are stress tested against a conservative set of economic bases and a broad spectrum of economic assumptions to help ensure that they will perform adequately, even in circumstances that the company may not foresee, which provides an additional margin of safety. We also require that all significant proposed projects include a cost of carbon – which reflects our best assessment of costs associated with potential GHG regulations over the Outlook period – when being evaluated for investment.

Our *Outlook for Energy* does not envision the "low carbon scenario" advocated by some because the costs and the damaging impact to accessible, reliable and affordable energy resulting from the policy changes such a scenario would produce are beyond those that societies, especially the world's poorest and most vulnerable, would be willing to bear, in our estimation.

In the final analysis, we believe ExxonMobil is well positioned to continue to deliver results to our shareholders and deliver energy to the world's consumers far into the future. Meeting the economic needs of people around the world in a safe and environmentally responsible manner not only informs our *Outlook for Energy* and guides our investment decisions, it is also animates our business and inspires our workforce.

10. Additional Information

There were additional information requests raised by some in the course of engagement with the groups with whom we have been dialoguing. These are addressed in the Appendix.

Exhibit D

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant ☒
Filed by a Party other than the Registrant ☐
Check the appropriate box:

☐ Preliminary Proxy Statement
☐ **Confidential, for Use of the Commission Only(as permitted by Rule 14a-6(e)(2))**
☒ Definitive Proxy Statement
☐ Definitive Additional Materials
☐ Soliciting Material Pursuant to §240.14a-12

EXXON MOBIL CORPORATION
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the

offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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NOTICE OF 2016
ANNUAL MEETING
AND PROXY STATEMENT

ExxonMobil

April 13, 2016

Dear Shareholder:

We invite you to attend the annual meeting of shareholders on Wednesday, May 25, 2016, at the Morton H. Meyerson Symphony Center, 2301 Flora Street, Dallas, Texas 75201. The meeting will begin promptly at 9:30 a.m., Central Time. At the meeting, you will hear a report on our business and vote on the following items:

- Election of directors;
- Ratification of PricewaterhouseCoopers LLP as independent auditors;
- Advisory vote to approve executive compensation as required by law;
- Eleven shareholder proposals contained in this proxy statement; and
- Other matters if properly raised.

Only shareholders of record on April 6, 2016, or their proxy holders may vote at the meeting. Attendance at the meeting is limited to shareholders or their proxy holders and ExxonMobil guests. Only shareholders or their valid proxy holders may address the meeting.

This booklet includes the formal notice of the meeting and proxy statement. The proxy statement tells you about the agenda, procedures, and rules of conduct for the meeting. It also describes how the Board operates, gives information about our director candidates, and provides information about the other items of business to be conducted at the meeting.

This year, we initiated the use of "Notice and Access" for delivery of proxy information to many shareholders, thereby capturing cost and environmental benefits. These shareholders will receive by mail a *Notice Regarding the Availability of Proxy Materials on the Internet*. The notice will also contain instructions on how to request paper copies of all proxy materials, if desired.

Financial information is provided separately in the booklet, 2015 Financial Statements and Supplemental Information, enclosed with the proxy materials or made available online to all shareholders.

Your vote is important to us. Even if you own only a few shares, we want your shares to be represented at the meeting. You can vote your shares by Internet, toll-free telephone call, or proxy card.

To attend the meeting in person, please follow the instructions on page 3. An audio webcast with slide presentation and a report on the meeting will be available on our website at *exxonmobil.com*.

Sincerely,

Jeffrey J. Woodbury
Secretary

Rex W. Tillerson
Chairman of the Board

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ExxonMobil updates shareholders annually on our views on climate change and how the Company plans capital expenditures, assesses and plans for policies limiting greenhouse gas emissions, and works to reduce emissions as part of the *Corporate Citizenship Report*. The Company also periodically responds to specific shareholder requests. Currently available reports and responses are viewable on *exxonmobil.com*.

A robust civil society requires the airing of different voices and perspectives as part of the nation's ongoing public policy debate. In light of the importance and implications of sound public policies, ExxonMobil will continue to engage actively with stakeholders who have an interest in key issues that affect the Company and industry.

ITEM 10 – INCREASE CAPITAL DISTRIBUTIONS

This proposal was submitted by Eric McCallum, a client of Arjuna Capital/Baldwin Brothers Inc., 204 Spring Street, Marion, MA 02738, the beneficial owner of 200 shares.

"**Capital Distributions**

WHEREAS:

In the face of global climate change, we believe investor capital is at risk from investments in projects that may prove economically stranded and unburnable if fossil fuel demand is reduced through public policy carbon restrictions, pricing and competition from renewables.

Global governments have agreed 'the increase in global temperature should be below 2 degrees Celsius.' The International Energy Agency states, 'No more than one-third of proven reserves of fossil fuels can be consumed prior to 2050 if the world is to achieve the 2º C goal.'

In 2015 Citigroup estimated the value of unburnable fossil fuel reserves could amount to over 100 trillion dollars out to 2050:

> 'Lessons learned from the stranding of assets via the recent fall in the oil price gives food for thought about what the impact of the introduction of carbon pricing (or similar measures from Paris COP21) on higher-cost fossil fuel reserves might be.'

The industry cancelled approximately 200 billion dollars of capex in 2015 (Wood Mackenzie). The Carbon Tracker Initiative (CTI) estimates 2 trillion dollars of industry capex and 72.9 percent of ExxonMobil's capex is 'unneeded' if we are to achieve a 2 degree pathway.

Massive production cost inflation over the past decade has made the industry vulnerable to a downturn in demand and oil prices.

- A decade of cost escalation and the recent decline in oil prices has eroded the sector's returns on equity to a record 29 year low (Citigroup).
- Major new project costs have recently averaged between 70 and 100 dollars per barrel, raising the risk of stranded, unprofitable assets (Goldman Sachs).
- A 'capex crisis' has increased upstream oil investment 100 percent (2005 to 2013), while crude oil supply has increased only 3 percent (Kepler Cheuvreux).

Analysts indicate companies may not be adequately accounting for or disclosing downside risks from lower than expected demand and prices.

- The equity valuation of oil producers could drop 40 to 60 percent under a low carbon scenario (HSBC).
- Approximately 40 percent of current oil investments are stranded at prices below 75 dollars per barrel in the current price environment (Citigroup).
- Approximately 44 percent percent of Exxon's potential future product portfolio (2014 to 2050) requires an oil price of 75 dollars per barrel to be economical (CTI).

Investors are concerned ExxonMobil risks eroding shareholder value through investments in what may prove stranded, uneconomical assets in a low carbon demand scenario. Exxon's capital expenditures grew at a

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compound annual growth rate of 9 percent from 2005 to 2014, coinciding with a 1 percent net income decline. Exxon cut total capital distributions (summing dividends and share buybacks) to shareholders approximately 25 percent over the last twelve months.

RESOLVED: Shareholders hereby approve, on an advisory basis, a proposal that ExxonMobil commit to increasing the total amount authorized for capital distributions (summing dividends and share buybacks) to shareholders as a prudent use of investor capital in light of the climate change related risks of stranded carbon assets."

The Board recommends you vote AGAINST this proposal for the following reasons:

ExxonMobil published the report, *Energy and Carbon – Managing the Risks*, to address questions raised on the topic of global energy demand and supply, climate change policy and carbon asset risks. This report further described how the Company integrates consideration of climate change risks into planning processes and investment evaluation. The Board is confident that the Company's robust planning and investment processes adequately contemplate and address climate change related risks.

Each year, we update our long-term energy demand projection in our *Outlook for Energy* – taking into account the most up-to-date demographic, economic, technological, and climate policy information available. This analysis serves as a foundation for our long-term business strategies and investments, and is generally consistent with other forecasting organizations such as the International Energy Agency. Our *Outlook* by no means represents a "business as usual" case and it includes a significant reduction in projected energy use and greenhouse gas (GHG) emissions due to energy efficiency initiatives. Because we assume policy action will become increasingly more stringent over time, our *Outlook* projects lower future energy-related CO_2 emissions through 2040 than would be implied by a "no policy scenario" where limited GHG reduction policies and regulations are implemented.

ExxonMobil maintains a disciplined capital allocation approach with a long-term horizon. Our commitment to shareholders is to invest in attractive business opportunities and pay a reliable and growing dividend. Across the business cycle, we manage cash by returning excess to shareholders through share repurchases or borrowing to fund our investments.

From 2000 through 2015, the Company returned $357 billion of value to shareholders through dividend payments and share purchases, which reduced outstanding shares by 40 percent. ExxonMobil remains committed to a reliable and growing dividend, which has been increased 33 consecutive years. Despite a nearly 40 percent drop in crude prices in 2015, the dividend was increased by 5.8 percent and $3 billion of stock was repurchased, further enhancing the underlying value of all remaining shares and demonstrating the resiliency of our integrated business model. This value was delivered to shareholders while maintaining a robust capital investment program.

ExxonMobil is committed to disciplined investing in attractive opportunities across normal fluctuations in business cycles. Projects are evaluated under a wide range of possible economic conditions and commodity prices that are reasonably likely to occur. The Company does not publish the economic bases upon which we evaluate investments due to competitive considerations; however, it applies prudent and substantial safety margins in our planning assumptions to help ensure robust returns.

The Company also stress tests its oil and natural gas capital investment opportunities, which provides an added margin of safety against uncertainties, such as those related to technology, regulation/legislation, costs, geopolitics, availability of required materials, services, and labor. Such stress testing differs from alternative scenario planning, which we do not develop, but stress tests provide us an opportunity to fully consider a wide range of market conditions in the planning and investment process.

The Company addresses the potential for future climate-related policy, including the potential for restriction on emissions, through the use of a proxy cost of carbon. The proxy cost seeks to reasonably reflect the types of actions and policies that governments may take over the outlook period relating to the exploration, development, production, transportation or use of carbon-based fuels. This proxy cost of carbon is embedded in our *Outlook for Energy*, and has been a feature of the report since 2007. All business segments are required to include, where appropriate, an estimate of the costs associated with greenhouse gas emissions in their economics when seeking funding for capital investments.

The scale and integrated nature of our operating cash flows along with prudent cash management provide unmatched financial strength, enabling the Company to invest in attractive projects throughout the business cycle.

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A key strategy to ensure investment selectivity under a wide range of economic assumptions is to maintain a diverse portfolio of oil, gas, and petrochemical investment opportunities. This diversity, in terms of resource type and corresponding development options (oil, gas, natural gas liquids, onshore, offshore, deepwater, conventional, unconventional, liquefied natural gas) and geographic dispersion, is unparalleled in the industry.

These factors have positioned ExxonMobil consistently as an industry leader in return on capital employed and underpin our ability to continue leading shareholder distributions and maintain a long-term investment program that creates significant shareholder value.

ITEM 11 – POLICY TO LIMIT GLOBAL WARMING TO 2°C

This proposal was submitted by the Sisters of St. Dominic of Caldwell New Jersey, 40 South Fullerton Avenue, Montclair, NJ 07042, the beneficial owner of 200 shares and lead proponent of a filing group.

“**Whereas:**

Pope Francis, in his encyclical letter Laudato Si’, states that ‘the climate is a common good, belonging to all and meant for all.’[1] Numerous faith traditions have issued statements highlighting the moral responsibility to address climate change and care for creation and calling for urgent action.[2] They join experts in science, business, and politics who have stated that global warming is unequivocal, that climate change is human-induced, and that its decisive mitigation is a moral imperative for humanity.[3]

The poor and most vulnerable are the first to suffer, while future generations, holding no responsibility, will live with greater impacts of global warming.

World leaders in the 2010 Cancun Agreement agreed to limit warming of the average global atmospheric temperature to less than 2 degrees Centigrade (2°C) above pre-industrial levels in order to prevent the worst impacts of climate change, including extreme weather, drought, rising sea levels, crop failure, and accelerated species loss. These impacts will likely have societal consequences including migration, food insecurity, and conflict. The World Bank and the Intergovernmental Panel on Climate Change warn that if warming exceeds 2°C, there are risks of ‘triggering nonlinear tipping elements’ thus producing ‘irreversible’ impacts.

The emissions profile of ExxonMobil’s 2015 *Outlook for Energy* report approximates scenarios that would entail warming in excess of 2°C.[4]

ExxonMobil claims that its energy production responds to a ‘moral imperative’[5] to meet growing energy demand and eradicate poverty, but this does not offset the necessity to mitigate climate change or the moral imperative to limit warming to 2°C. Further, World Bank and energy analyst reports conclude that renewable energy provides a better pathway to energy access.[6] Billions of people living in energy poverty are not only the least responsible for greenhouse gas (GHG) emissions, but also likely to be most adversely impacted by climate change.[7]

As a large GHG emitter with carbon intensive products, ExxonMobil should robustly support the global framework to address climate change resulting from the 21st Conference of Parties of the United Nations Framework Convention on Climate Change in December 2015. Constructive engagement on climate policy is especially important given Exxon’s historical role in financing climate denial and misinformation campaigns on climate change.[8] Failing to address this could present reputational risk for ExxonMobil. In contrast to ExxonMobil, ten oil industry peers including Total, Shell, BP, and Saudi Aramco, and business leaders in other industries, support an international agreement to limit warming to 2°C.[9]

Resolved: Shareholders request that the Board of Directors adopt a policy acknowledging the imperative to limit global average temperature increases to 2°C above pre-industrial levels, which includes committing the Company to support the goal of limiting warming to less than 2°C.

SUPPORTING STATEMENT

We believe that ExxonMobil should assert moral leadership with respect to climate change. This policy would supplement ExxonMobil's existing positions on climate policy.

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1. http://w2.vatican.va/content/francesco/en/encyclicals/documents/papa-francesco_20150524_enciclica-laudato-si.html
2. http://www.umc.org/what-we-believe/resolution-on-global-warming; http://www.pcusa.org/media/uploads/acswp/pdf/energyreport.pdf; http://www.abc-usa.org/wp-content/uploads/2012/06/globwarm.pdf; http://www.ucc.org/environmental-ministries_synod-resolutions_a-resolution-on-climate; http://www.uua.org/statements/threat-global-warmingclimate-change; http://islamicclimatedeclaration.org/islamic-declaration-on-global-climate-change/; https://theshalomcenter.org/torah-pope-crisis-inspire-400-rabbis-call-vigorous-climate-action; http://www.quakerearthcare.org/article/shared-quaker-statement-facing-challenge-climate-change
3. http://www.casinapioiv.va/content/dam/accademia/pdf/declaration%20(final).pdf
4. http://cdn.exxonmobil.com/~/media/global/files/energy-and-environment/report---energy-and-climate.pdf
5. http://corporate.exxonmobil.com/en/company/news-and-updates/speeches/unleashing-innovation-to-meet-our-energy-and-environmental-needs
6. http://www.carbontracker.org/report/energyaccess/; http://www.theguardian.com/sustainable-business/2015/aug/07/world-bank-clean-energy-is-the-solution-to-poverty-not-coal
7. http://www.se4all.org/tracking-progress/
8. http://www.ucsusa.org/global-warming/fight-misinformation/climate-deception-dossiers-fossil-fuel-industry-memos#.Vfrd3RFViko
9. http://www.oilandgasclimateinitiative.com/wp-content/uploads/2015/10/OGCI-Report-2015.pdf; https://www.whitehouse.gov/the-press-office/2015/10/19/fact-sheet-white-house-announces-commitments-american-business-act"

The Board recommends you vote AGAINST this proposal for the following reasons:

ExxonMobil takes the risks of global climate change seriously and believes these risks warrant thoughtful action. The long-term objective of climate change policy should be to reduce the risks of serious harm to humanity and ecosystems at minimum societal cost, while recognizing additional shared humanitarian necessities, including providing reliable and affordable energy to improve global living standards.

The Board believes the Company has an obligation to shareholders to continue to invest in economically attractive energy sources in an environmentally responsible manner. The Board further believes the Company's capabilities are best utilized finding practical, achievable solutions to address climate change risks consistent with the Company's mandate, rather than focusing on a future global temperature stabilization outcome that ultimately will be dictated by many variables beyond the Company's control.

Recognizing that reducing greenhouse gas emissions across the global economy is a shared objective, the Company remains focused on finding practical, prudent, and affordable solutions to address the dual challenge of expanding energy supplies to support economic growth, improve living standards, alleviate poverty, and improve resilience while simultaneously addressing the societal and environmental risks posed by rising greenhouse gas emissions and climate change.

Through effective solutions, progress can and has been made. For example, according to the U.S. Energy Information Agency, CO_2 emissions in the U.S. power sector are down 15 percent since 2005, with 60 percent of this reduction reflecting the benefit of shifting from coal to natural gas. Also, per the U.S. Environmental Protection Agency, net methane emissions from natural gas have fallen 38 percent since 2005, during which time U.S. natural gas production has increased by 26 percent. Looking forward, we believe more progress will be made in the development of low greenhouse gas emissions technology, such as advanced carbon capture and sequestration (CCS).

As the policy and regulatory landscape has continued to develop, we have proactively addressed this global challenge. We have long taken action by increasing energy efficiency and reducing greenhouse gas emissions in our operations, providing products that help consumers reduce their emissions, supporting research into technology breakthroughs, and participating in constructive dialogue on policy options with non-governmental organizations, industry, and policy makers.

Each year, we update our long-term energy demand projection in our *Outlook for Energy* – taking into account the most up-to-date demographic, economic, technological, and climate policy information available. This analysis serves as a foundation for our long-term business strategies and investments, and is generally consistent with other forecasting organizations such as the International Energy Agency. Our *Outlook* by no means represents a "business as usual" case and it includes a significant reduction in projected energy use and GHG emissions due to energy efficiency initiatives. Because we assume policy action will become increasingly more stringent over time,

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our *Outlook* projects lower future energy-related CO_2 emissions through 2040 than would be implied by a 'no policy scenario' where limited GHG reduction policies and regulations are implemented.

ExxonMobil believes that effective policies to address climate change should put a price on greenhouse gas emissions that will:

- Promote global participation;
- Ensure a uniform and predictable cost of greenhouse gas emissions across the economy;
- Let market prices drive the selection of solutions;
- Minimize regulatory complexity and administrative costs;
- Maximize transparency; and
- Provide flexibility for future adjustments in response to scientific developments and the economic consequences of climate policies.

ExxonMobil has for many years held the view that a revenue-neutral carbon tax is the best option to fulfill these key principles. Instead of subsidies and mandates that distort markets, stifle innovation, and needlessly raise energy costs, a carbon tax could help create the conditions to reduce greenhouse gas emissions in a way that spurs new efficiency and technology solutions at the lowest cost to society and consumers.

ITEM 12 – REPORT ON IMPACTS OF CLIMATE CHANGE POLICIES

This proposal was submitted by the New York State Common Retirement Fund, 59 Maiden Lane – 30th Floor, New York, NY 10038, the beneficial owner of 10,926,248 shares and lead proponent of a filing group.

"RESOLVED: Shareholders request that by 2017 ExxonMobil publish an annual assessment of long term portfolio impacts of public climate change policies, at reasonable cost and omitting proprietary information. The assessment can be incorporated into existing reporting and should analyze the impacts on ExxonMobil's oil and gas reserves and resources under a scenario in which reduction in demand results from carbon restrictions and related rules or commitments adopted by governments consistent with the globally agreed upon 2 degree target. The reporting should assess the resilience of the company's full portfolio of reserves and resources through 2040 and beyond and address the financial risks associated with such a scenario.

Supporting Statement:

It is our intention that this be a supportive but stretching resolution that ensures the long-term success of the company.

Recognizing the severe and pervasive economic and societal risks associated with a warming climate, global governments have agreed that increases in global temperature should be held below 2 degrees Celsius from pre-industrial levels (Cancun Agreement). Pursuant to the Durban Platform, 184 parties submitted plans to reduce greenhouse gas emissions in advance of the 21st Conference of the Parties. In November 2014 the United States and China agreed to policy and regulatory actions to reduce greenhouse gas emissions and re-affirmed and expanded those actions in September 2015.

ExxonMobil recognized in its 2014 10-K that 'a number of countries have adopted, or are considering adoption of, regulatory frameworks to reduce greenhouse gas emissions,' and that such policies, regulations, and actions could make its 'products more expensive, lengthen project implementation timelines and reduce demand for hydrocarbons,' but ExxonMobil has not presented any analysis of how its portfolio performs under a 2 degree scenario.

In response to a previous shareholder resolution regarding Carbon Asset Risk, ExxonMobil asserted 'that an artificial capping of carbon-based fuels to levels in the 'low carbon scenario' [such as IEA 450ppm] is highly unlikely' and did not test its portfolio against a 2 degree scenario.

However, ExxonMobil's peers, Shell, BP, and Statoil have recognized the importance of assessing the impacts of these scenarios by endorsing the 'Strategic Resilience for 2035 and beyond' resolutions that received almost

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unanimous investor support in 2015. BHP Billiton now publishes a 'Climate Change: Portfolio Analysis' evaluating its assets against 2 degree scenarios, and ConocoPhillips states that it stress tests its portfolio against 2 degree scenarios. More recently, ten major oil and gas companies have announced that they will support the implementation of clear stable policy frameworks consistent with a 2 degree future.

This resolution aims to ensure that ExxonMobil fully evaluates and mitigates risks to the viability of its assets as a result of public climate change policies, including in a 2 degrees scenario."

The Board recommends you vote AGAINST this proposal for the following reasons:

In 2014, ExxonMobil published the report*, Energy and Carbon – Managing the Risks*, to provide shareholders an enhanced description of global energy demand and supply, climate change policy and carbon asset risks. This report further described how the Company integrates consideration of climate change risks into planning processes and investment evaluation. The Board is confident that the Company's robust planning and investment processes adequately contemplate and address climate change related risks, ensuring the viability of its assets as detailed in the above report. This report is found at *exxonmobil.com* in the *Climate* section.

ExxonMobil believes that producing our existing hydrocarbon resources is essential to meeting growing global energy demand. We enable consumers – especially those in the least-developed and most-vulnerable economies – to pursue higher living standards and greater economic opportunity. We believe all economic energy sources will be necessary to meet growing demand, and the transition of the energy system to lower carbon sources will take many decades due to its enormous scale, capital intensity and complexity. As such, we believe that none of our proven hydrocarbon reserves are, or will become, stranded. This is further detailed in the aforementioned report.

Each year, we update our long-term energy demand projection in our *Outlook for Energ*y – taking into account the most up-to-date demographic, economic, technological, and climate policy information available. This analysis serves as a foundation for our long-term business strategies and investments, and is generally consistent with other forecasting organizations such as the International Energy Agency. Our *Outlook*, which can be found *at exxonmobil.com/energyoutlook*, by no means represents a "business as usual" case and it includes a significant reduction in projected energy use and GHG emissions due to energy efficiency initiatives. The *Outlook* projects lower future energy-related CO_2 emissions through 2040 than would be implied by a "no policy scenario" where limited GHG reduction policies and regulations are implemented.

In December 2015, parties to the United Nations Framework Convention on Climate Change (UNFCCC) convened in Paris for the 21st Conference of the Parties (COP 21). COP 21 resulted in a global compact, which for the first time, directs all parties to undertake action on climate change and report on related progress. For many years, our *Outlook* has taken into account the potential for climate polices to become increasingly stringent over time by imposing higher costs on energy-related carbon dioxide emissions. Preliminary analysis of the aggregation of intended nationally determined contributions, which were submitted by governments as part of the COP 21 process, indicates a greenhouse gas emissions trajectory similar to that anticipated in our *Outlook*.

We address the potential for future climate change policy, including the potential for restrictions on emissions, by estimating a proxy cost of carbon. This cost, which in some geographies may approach $80 per ton by 2040, has been included in our *Outlook* since 2007. This approach seeks to reflect potential policies governments may employ related to the exploration, development, production, transportation or use of carbon-based fuels. We believe our view on the potential for future policy action is realistic and we require all of our business lines to include, where appropriate, an estimate of GHG-related emissions costs in their economics when seeking funding for capital investments.

We evaluate potential investments and projects using a wide range of economic conditions and commodity prices. We apply prudent and substantial margins in our planning assumptions to help ensure competitive returns over a wide range of market conditions. We also financially "stress test" our investment opportunities, which provides an added margin against uncertainties, such as those related to technology development, costs, regulation/legislation, geopolitics, availability of required materials, services, and labor. Stress testing, which differs from alternative scenario planning, further enables us to consider a wide range of market environments in our planning and investment process.

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We maintain our long-standing commitment to energy efficiency, progressing the benefits of natural gas, research and development in alternative energies, providing access to energy, and constructive engagement with industry, governments, academic institutions, trade associations, and known external experts. We are an active participant in the International Petroleum Industry Environmental Conservation Association (IPIECA), an association that advances ideas and potential solutions for the industry concerning the risk of climate change.

In summary, while the Board agrees with the importance of assessing the resiliency of the Company's resource portfolio, it believes the current processes as described above sufficiently test the portfolio to ensure long-term shareholder value. Framed by the 2014 report and assessed annually through stress testing in our *Outlook* and in investment planning, we remain confident in the commercial viability of our portfolio. Furthermore, all proved reserves fully comply with SEC definitions and requirements as detailed in our annual 10-K.

ITEM 13 – REPORT RESERVE REPLACEMENTS IN BTUs

This proposal was submitted by Adelaide Gomer, c/o As You Sow, 1611 Telegraph Ave., Suite 1450, Oakland, CA 94612, the beneficial owner of 150 shares and lead proponent of a filing group.

"**Whereas:** The current accounting system for oil and gas reserve replacement has inherent limitations that impede ExxonMobil's ability to adapt to a climate constrained global energy market.

A primary metric the market uses to assess the value of an oil and gas company is its reserve replacement ratio. (Cambridge Energy Policy Forum, March 2015). Reserve replacement is currently denominated in oil and gas units, incentivizing the production and development of new oil and gas reserves. Where annual oil and gas reserve replacement is not fully achieved, a company's stock market value is likely to be impaired and top company executives may not receive full incentive packages. This fuel specific reporting metric does not allow management the latitude needed to optimize enterprise goals in a carbon constrained environment.

Global governments recognize severe risks associated with a warming climate and the need to limit warming to 2 degrees Celsius or less. At the Conference of the Parties in Paris, world leaders made significant commitments to reduce greenhouse emissions and initiated discussions to implement carbon pricing policies. As worldwide energy needs grow, it is becoming increasingly likely that such demand will be met with a much greater amount of renewable energy. Climate change induced transitions are already occurring in energy markets in the form of rapid energy efficiency increases, decreasing costs of renewables, and disruptive technology development such as electric vehicles.

The need for Exxon to develop new pathways in response to these transitions is highlighted by Citi, Statoil, and other analysts, which predict that global oil demand could peak in the next 10 to 15 years. As the 2015 oil market decline demonstrates, even a relatively small global oversupply of oil can substantially decrease the value of oil companies.

Company management must have maximum flexibility to optimize production and development of energy reserves in line with these changing market conditions and opportunities. Further, management should be incentivized to adopt a stable, long-term revenue path that includes replacing carbon holdings with renewable energy. The current system of oil and gas reserve replacement accounting hampers such flexibility and creates inappropriate incentives. Moving to a system that accounts for resources in energy units, such as the internationally accepted standard British Thermal Units, instead of oil and gas, will create a new measure of successful operation and incentivize a stable transition to a climate appropriate resource mix. It will also help foster better company valuations by investors, creditors, and analysts, thus improving capital allocation and reducing investment risk.

Resolved: Proponents request that, by February 2017 and annually thereafter in a publication such as its annual or Corporate Social Responsibility report, Exxon quantify and report to shareholders its reserve replacements in British Thermal Units, by resource category, to assist the Company in responding appropriately to climate change induced market changes. Such reporting shall be in addition to reserve reporting required by the Securities and Exchange Commission, and should encompass all energy resources produced by the company."

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The Board recommends you vote AGAINST this proposal for the following reasons:

The current practice of reporting annual reserves replacement on an Oil-Equivalent Basis is the industry standard and compliant with the requirements of the Securities and Exchange Commission. Supplementing that statutory reporting with a BTU-based equivalent would not fundamentally provide the investment community with additional information nor influence investment choices. Importantly, the Company's success as measured by the stock market is not, as the proposal suggests, driven by reserve replacement, but primarily by financial performance over a period consistent with investment horizons.

ExxonMobil executives are not compensated on the basis of a reserves replacement ratio. As detailed in our *Executive Compensation Overview (ECO)* and our Proxy Statement, the Compensation Committee assesses ExxonMobil's leadership position in seven key areas in determining the appropriateness of total compensation. These seven metrics include Safety and Operations Integrity, Return on Average Capital Employed, Strategic Initiatives, Free Cash Flow, Shareholder Distributions, Total Shareholder Return and Project Execution. The *ECO* demonstrates how outstanding performance is required in all seven of these areas to result in a top award.

ExxonMobil's long-term *Outlook for Energy* (*exxonmobil.com/energyoutlook*) is updated annually to reflect global economic and demographic trends as well as emerging technologies and policies that will impact energy supply and demand. As in past years, the *Outlook* continues to assume governments will place significant costs on greenhouse gas (GHG) emissions. The *Outlook* also anticipates that even with substantial gains in efficiency, and strong growth in nuclear and modern renewable energy supplies, demand for oil will continue to rise through 2040, driven by developing nations. Credible third-party outlooks, including those developed by the International Energy Agency (IEA) and the U.S. Department of Energy, share this view. Also consistent with the *Outlook*, the IEA sees natural gas growing more than any other energy type through 2040, reflecting its ability to meet a wide variety of needs and provide one of the most cost-effective ways to reduce GHG emissions. The rising use of natural gas is a key factor in the *Outlook's* view that by 2040 the carbon intensity of the global economy is likely to fall by half.

We address the potential for future climate change policy, including the potential for restrictions on emissions, by estimating a proxy cost of carbon. This cost, which in some geographies may approach $80 per ton by 2040, has been included in our *Outlook* since 2007. This approach seeks to reflect potential policies governments may employ related to the exploration, development, production, transportation or use of carbon-based fuels. We believe our view on the potential for future policy action is realistic and, by no means represents a "business as usual" case. We require all of our business lines to include, where appropriate, an estimate of GHG-related emissions costs in their economics when seeking funding for capital investments.

ExxonMobil monitors the business environment, including long-term supply and demand fundamentals. The Company is structured to capture shareholder value throughout the commodity price cycle and is well positioned for the future. Moving to a system that accounts for reserves in energy units will not enhance ExxonMobil's ability to create shareholder value.

ITEM 14 – REPORT ON HYDRAULIC FRACTURING

This proposal was submitted by the Park Foundation, P.O. Box 550, Ithaca, NY 14851, the beneficial owner of 117 shares.

"WHEREAS:

Extracting oil and gas from shale formations using hydraulic fracturing and horizontal drilling technology has become a controversial public issue. Leaks, spills, explosions and community impacts have led to bans and moratoria in New York State and elsewhere in the U.S., putting the industry's social license to operate at risk. Hydraulic fracturing has also become a topic of controversy in many locations across the world, including in Germany which has impacted ExxonMobil's unconventional oil and gas development in the region.

Disclosure of management practices and their impacts is the primary means by which investors can assess how companies are managing the risks of their operations. The Department of Energy's Shale Gas Production Subcommittee recommended that companies 'adopt a more visible commitment to using *quantitative measures* as a means of achieving best practice and demonstrating to the public that there is continuous improvement in reducing the environmental impact of shale gas production.'

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ExxonMobil has become a laggard in the oil and gas industry in its disclosure practices. In a 2015 report 'Disclosing the Facts: Transparency and Risk in Hydraulic Fracturing Operations', which ranked companies on disclosure of quantitative information to investors, Exxon scored only 4 out of 39 points for its disclosure practices. Two thirds of the companies reviewed earned higher scores for their disclosures.

Exxon's subsidiary, XTO Energy, was cited for having 113 hydraulic fracturing environmental and health violations, from January 2011 to August 2014, in Pennsylvania alone (Environment America, Fracking Failures, 2015). These violations have increased shareholder concern about Exxon's practices.

Due to Exxon's poor disclosure performance, investors call for the Company to provide detailed, quantitative, comparable data about how it is managing the risks and reducing the impacts of its hydraulic fracturing extraction operations. Its *Operations Integrity Management System* fails to provide such reporting to investors; as a generalized framework for companywide operations, it provides no specific information on the company's shale energy operations.

THEREFORE BE IT RESOLVED:

Shareholders request the Board of Directors report to shareholders, using quantitative indicators, by December 31, 2016, and annually thereafter, the results of company policies and practices above and beyond regulatory requirements, to minimize the adverse environmental and community impacts from the company's hydraulic fracturing operations associated with shale formations. Such report should be prepared at reasonable cost, omitting confidential information.

SUPPORTING STATEMENT:

Proponents suggest the report provide quantitative information for each play in which the company has substantial extraction operations, on issues including, at a minimum:

- Goals and quantitative reporting on progress to reduce toxicity of drilling fluids;
- Quantitative reporting on methane leakage as a percentage of total production;
- Percentage of drilling residuals managed in closed loop systems;
- Numbers and categories of community complaints of alleged impacts, and their resolution;
- Systematic post-drilling ground water assessment; and
- Practices for identifying and managing the hazards from naturally occurring radioactive materials."

The Board recommends you vote AGAINST this proposal for the following reasons:

The Board believes the Company has provided a comprehensive and sufficient discussion of its policies and practices on risk management of unconventional resource development, including hydraulic fracturing. Additional quantitative reporting at the "play level" will not improve our risk management or community engagement efforts.

The Company details its risk management practices in several public documents in order to inform key stakeholders. In September 2014, ExxonMobil prepared the report, *Unconventional Resources Development – Managing the Risks*, which describes in detail how the Company assesses and manages risks associated with developing unconventional resources. This report is available at *exxonmobil.com/hfreport*. Further, the Company's annual *Corporate Citizenship Report* also discusses risk management issues associated with unconventional resource development.

The Company continually engages with communities in which we operate regarding upcoming and ongoing operations. We learn of community concerns directly and address them in a timely and proactive manner.

Modern drilling technologies and adherence to appropriate safety protocols allow unconventional oil and gas resources to be developed in a manner that protects human health and the environment, and we are committed to environmentally responsible operations. Our Environment Policy and Operations Integrity Management System commit us to continuous efforts to improve environmental performance. The reports cited by the proposal including the Proponent's report do not credibly represent the Company's performance.

Exhibit E

2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2016

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 1-2256

EXXON MOBIL CORPORATION

(Exact name of registrant as specified in its charter)

NEW JERSEY	**13-5409005**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

5959 LAS COLINAS BOULEVARD, IRVING, TEXAS 75039-2298

(Address of principal executive offices) (Zip Code)

(972) 444-1000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, without par value (4,146,513,819 shares outstanding at January 31, 2017)	**New York Stock Exchange**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑ Accelerated filer ☐

Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Act). Yes ☐ No ☑

The aggregate market value of the voting stock held by non-affiliates of the registrant on June 30, 2016, the last business day of the registrant's most recently completed second fiscal quarter, based on the closing price on that date of $93.74 on the New York Stock Exchange composite tape, was in excess of $388 billion.

Documents Incorporated by Reference: Proxy Statement for the 2017 Annual Meeting of Shareholders (Part III)

EXXON MOBIL CORPORATION
FORM 10-K
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

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ITEM 2. PROPERTIES

Information with regard to oil and gas producing activities follows:

1. Disclosure of Reserves

A. Summary of Oil and Gas Reserves at Year-End 2016

The table below summarizes the oil-equivalent proved reserves in each geographic area and by product type for consolidated subsidiaries and equity companies. Gas is converted to an oil-equivalent basis at six million cubic feet per one thousand barrels. The Corporation has reported proved reserves on the basis of the average of the first-day-of-the-month price for each month during the last 12-month period. As a result of very low prices during 2016, under the SEC definition of proved reserves, certain quantities of oil and natural gas that qualified as proved reserves in prior years did not qualify as proved reserves at year-end 2016. Among the factors that would result in these amounts being recognized again as proved reserves at some point in the future are a recovery in average price levels, a further decline in costs, and / or operating efficiencies. Otherwise, no major discovery or other favorable or adverse event has occurred since December 31, 2016, that would cause a significant change in the estimated proved reserves as of that date.

	Crude Oil	Natural Gas Liquids	Bitumen	Synthetic Oil	Natural Gas	Oil-Equivalent Basis
	(million bbls)	*(million bbls)*	*(million bbls)*	*(million bbls)*	*(billion cubic ft)*	*(million bbls)*
Proved Reserves						
Developed						
Consolidated Subsidiaries						
United States	1,013	304	-	-	11,927	3,305
Canada/South America *(1)*	79	8	436	564	478	1,167
Europe	146	29	-	-	1,473	420
Africa	679	157	-	-	728	957
Asia	1,733	125	-	-	4,532	2,614
Australia/Oceania	74	31	-	-	3,071	616
Total Consolidated	3,724	654	436	564	22,209	9,079
Equity Companies						
United States	205	5	-	-	144	233
Europe	11	-	-	-	5,804	979
Asia	784	330	-	-	14,067	3,459
Total Equity Company	1,000	335	-	-	20,015	4,671
Total Developed	4,724	989	436	564	42,224	13,750
Undeveloped						
Consolidated Subsidiaries						
United States	1,168	458	-	-	5,859	2,603
Canada/South America *(1)*	162	7	265	-	462	511
Europe	27	4	-	-	186	62
Africa	165	4	-	-	43	176
Asia	1,025	-	-	-	389	1,089
Australia/Oceania	47	27	-	-	4,286	789
Total Consolidated	2,594	500	265	-	11,225	5,230
Equity Companies						
United States	31	5	-	-	67	47
Europe	6	-	-	-	1,820	309
Asia	399	44	-	-	1,167	638
Total Equity Company	436	49	-	-	3,054	994
Total Undeveloped	3,030	549	265	-	14,279	6,224
Total Proved Reserves	7,754	1,538	701	564	56,503	19,974

(1) South America includes proved developed reserves of 29 billion cubic feet of natural gas.

In the preceding reserves information, consolidated subsidiary and equity company reserves are reported separately. However, the Corporation operates its business with the same view of equity company reserves as it has for reserves from consolidated subsidiaries.

The Corporation anticipates several projects will come online over the next few years providing additional production capacity. However, actual volumes will vary from year to year due to the timing of individual project start-ups; operational outages; reservoir performance; performance of enhanced oil recovery projects; regulatory changes; the impact of fiscal and commercial terms; asset sales; weather events; price effects on production sharing contracts; changes in the amount and timing of capital investments that may vary depending on the oil and gas price environment; and other factors described in Item 1A. Risk Factors.

The estimation of proved reserves, which is based on the requirement of reasonable certainty, is an ongoing process based on rigorous technical evaluations, commercial and market assessments and detailed analysis of well and reservoir information such as flow rates and reservoir pressures. Furthermore, the Corporation only records proved reserves for projects which have received significant funding commitments by management made toward the development of the reserves. Although the Corporation is reasonably certain that proved reserves will be produced, the timing and amount recovered can be affected by a number of factors including completion of development projects, reservoir performance, regulatory approvals and significant changes in projections of long-term oil and natural gas price levels. In addition, proved reserves could be affected by an extended period of low prices which could reduce the level of the Corporation's capital spending and also impact our partners' capacity to fund their share of joint projects.

As noted above, certain quantities of oil and natural gas that qualified as proved reserves in prior years did not qualify as proved reserves at year-end 2016. Amounts no longer qualifying as proved reserves include the entire 3.5 billion barrels of bitumen at Kearl. In addition, 0.8 billion barrels of oil equivalent across the remainder of North America no longer qualify as proved reserves mainly due to the acceleration of the projected end-of-field-life. Among the factors that would result in these amounts being recognized again as proved reserves at some point in the future are a recovery in average price levels, a further decline in costs, and / or operating efficiencies. Under the terms of certain contractual arrangements or government royalty regimes, lower prices can also increase proved reserves attributable to ExxonMobil. We do not expect the downward revision of reported proved reserves under SEC definitions to affect the operation of the underlying projects or to alter our outlook for future production volumes.

B. Technologies Used in Establishing Proved Reserves Additions in 2016

Additions to ExxonMobil's proved reserves in 2016 were based on estimates generated through the integration of available and appropriate geological, engineering and production data, utilizing well-established technologies that have been demonstrated in the field to yield repeatable and consistent results.

Data used in these integrated assessments included information obtained directly from the subsurface via wellbores, such as well logs, reservoir core samples, fluid samples, static and dynamic pressure information, production test data, and surveillance and performance information. The data utilized also included subsurface information obtained through indirect measurements including high-quality 3-D and 4-D seismic data, calibrated with available well control information. The tools used to interpret the data included proprietary seismic processing software, proprietary reservoir modeling and simulation software, and commercially available data analysis packages.

In some circumstances, where appropriate analog reservoirs were available, reservoir parameters from these analogs were used to increase the quality of and confidence in the reserves estimates.

C. Qualifications of Reserves Technical Oversight Group and Internal Controls over Proved Reserves

ExxonMobil has a dedicated Global Reserves group that provides technical oversight and is separate from the operating organization. Primary responsibilities of this group include oversight of the reserves estimation process for compliance with Securities and Exchange Commission (SEC) rules and regulations, review of annual changes in reserves estimates, and the reporting of ExxonMobil's proved reserves. This group also maintains the official company reserves estimates for ExxonMobil's proved reserves of crude and natural gas liquids, bitumen, synthetic oil and natural gas. In addition, the group provides training to personnel involved in the reserves estimation and reporting process within ExxonMobil and its affiliates. The Manager of the Global Reserves group has more than 25 years of experience in reservoir engineering and reserves assessment and has a degree in Engineering. He is an active member of the Society of Petroleum Engineers (SPE). The group is staffed with individuals that have an average of more than 20 years of technical experience in the petroleum industry, including expertise in the classification and categorization of reserves under the SEC guidelines. This group includes individuals who hold advanced degrees in either Engineering or Geology. Several members of the group hold professional registrations in their field of expertise, and a member currently serves on the SPE Oil and Gas Reserves Committee.

The Global Reserves group maintains a central database containing the official company reserves estimates. Appropriate controls, including limitations on database access and update capabilities, are in place to ensure data integrity within this central database. An annual review of the system's controls is performed by internal audit. Key components of the reserves estimation process include technical evaluations and analysis of well and field performance and a rigorous peer review. No changes may be made to the reserves estimates in the central database, including additions of any new initial reserves estimates or subsequent revisions, unless these changes have been thoroughly reviewed and evaluated by duly authorized personnel within the operating organization. In addition, changes to reserves estimates that exceed certain thresholds require further review and approval of the appropriate level of management within the operating organization before the changes may be made in the central database. Endorsement by the Global Reserves group for all proved reserves changes is a mandatory component of this review process. After all changes are made, reviews are held with senior management for final endorsement.

2. Proved Undeveloped Reserves

At year-end 2016, approximately 6.2 billion oil-equivalent barrels (GOEB) of ExxonMobil's proved reserves were classified as proved undeveloped. This represents 31 percent of the 20 GOEB reported in proved reserves. This compares to the 6.8 GOEB of proved undeveloped reserves reported at the end of 2015. During the year, ExxonMobil conducted development activities in over 100 fields that resulted in the transfer of approximately 1 GOEB from proved undeveloped to proved developed reserves by year-end. The largest transfers were related to the Gorgon LNG project start-up and drilling activity at Upper Zakum, Tengiz and in the United States. During 2016, extensions, primarily in the United States, resulted in an addition of approximately 0.4 GOEB of proved undeveloped reserves.

Overall, investments of $10.1 billion were made by the Corporation during 2016 to progress the development of reported proved undeveloped reserves, including $9.3 billion for oil and gas producing activities and an additional $0.8 billion for other non-oil and gas producing activities such as the construction of support infrastructure and other related facilities. These investments represented 70 percent of the $14.5 billion in total reported Upstream capital and exploration expenditures. Investments made by the Corporation to develop quantities which no longer meet the SEC definition of proved reserves due to 2016 average prices are included in the $14.5 billion of Upstream capital expenditures reported above but are excluded from amounts related to progressing the development of proved undeveloped reserves.

One of ExxonMobil's requirements for reporting proved reserves is that management has made significant funding commitments toward the development of the reserves. ExxonMobil has a disciplined investment strategy and many major fields require long lead-time in order to be developed. Development projects typically take several years from the time of recording proved undeveloped reserves to the start of production. However, the development time for large and complex projects can exceed five years. Proved undeveloped reserves in Australia, the United States, Kazakhstan, the Netherlands, Qatar, and Nigeria have remained undeveloped for five years or more primarily due to constraints on the capacity of infrastructure, the pace of co-venturer/government funding, as well as the time required to complete development for very large projects. The Corporation is reasonably certain that these proved reserves will be produced; however, the timing and amount recovered can be affected by a number of factors including completion of development projects, reservoir performance, regulatory approvals, and significant changes in long-term oil and natural gas price levels. Of the proved undeveloped reserves that have been reported for five or more years, over 80 percent are contained in the aforementioned countries. The largest of these is related to LNG/Gas projects in Australia, where construction of the Gorgon LNG project is in the final phases. In Kazakhstan, the proved undeveloped reserves are related to the remainder of the initial development of the offshore Kashagan field which is included in the North Caspian Production Sharing Agreement and the Tengizchevroil joint venture which includes a production license in the Tengiz – Korolev field complex. The Tengizchevroil joint venture is producing, and proved undeveloped reserves will continue to move to proved developed as approved development phases progress. In the Netherlands, the Groningen gas field has proved undeveloped reserves related to installation of future stages of compression. These reserves will move to proved developed when the additional stages of compression are installed to maintain field delivery pressure.

FUNCTIONAL EARNINGS	2016	2015	2014
	(millions of dollars, except per share amounts)		
Earnings (U.S. GAAP)			
Upstream			
United States	(4,151)	(1,079)	5,197
Non-U.S.	4,347	8,180	22,351
Downstream			
United States	1,094	1,901	1,618
Non-U.S.	3,107	4,656	1,427
Chemical			
United States	1,876	2,386	2,804
Non-U.S.	2,739	2,032	1,511
Corporate and financing	(1,172)	(1,926)	(2,388)
Net income attributable to ExxonMobil (U.S. GAAP)	7,840	16,150	32,520
Earnings per common share	1.88	3.85	7.60
Earnings per common share – assuming dilution	1.88	3.85	7.60

References in this discussion to total corporate earnings mean net income attributable to ExxonMobil (U.S. GAAP) from the consolidated income statement. Unless otherwise indicated, references to earnings, Upstream, Downstream, Chemical and Corporate and Financing segment earnings, and earnings per share are ExxonMobil's share after excluding amounts attributable to noncontrolling interests.

FORWARD-LOOKING STATEMENTS

Statements in this discussion regarding expectations, plans and future events or conditions are forward-looking statements. Actual future financial and operating results or conditions, including demand growth and energy source mix; government policies relating to climate change; project plans, capacities, schedules and costs; production growth and mix; rates of field decline; asset carrying values; proved reserves; financing sources; the resolution of contingencies and uncertain tax positions; and environmental and capital expenditures; could differ materially depending on a number of factors, such as changes in the supply of and demand for crude oil, natural gas, and petroleum and petrochemical products and resulting price impacts; the outcome of commercial negotiations; the impact of fiscal and commercial terms; political or regulatory events; the outcome of exploration and development projects, and other factors discussed herein and in Item 1A. Risk Factors.

The term "project" as used in this report can refer to a variety of different activities and does not necessarily have the same meaning as in any government payment transparency reports.

OVERVIEW

The following discussion and analysis of ExxonMobil's financial results, as well as the accompanying financial statements and related notes to consolidated financial statements to which they refer, are the responsibility of the management of Exxon Mobil Corporation. The Corporation's accounting and financial reporting fairly reflect its straightforward business model involving the extracting, manufacturing and marketing of hydrocarbons and hydrocarbon-based products. The Corporation's business model involves the production (or purchase), manufacture and sale of physical products, and all commercial activities are directly in support of the underlying physical movement of goods.

ExxonMobil, with its resource base, financial strength, disciplined investment approach and technology portfolio, is well-positioned to participate in substantial investments to develop new energy supplies. The company's integrated business model, with significant investments in Upstream, Downstream and Chemical segments, reduces the Corporation's risk from changes in commodity prices. While commodity prices are volatile on a short-term basis and depend on supply and demand, ExxonMobil's investment decisions are based on our long-term business outlook, using a disciplined approach in selecting and pursuing the most attractive investment opportunities. The corporate plan is a fundamental annual management process that is the basis for setting near-term operating and capital objectives in addition to providing the longer-term economic assumptions used for investment evaluation purposes. Volumes are based on individual field production profiles, which are also updated annually. Price ranges for crude oil, natural gas, refined products, and chemical products are based on corporate plan assumptions developed annually by major region and are utilized for investment evaluation purposes. Major investment opportunities are evaluated over a range of economic scenarios. Once major investments are made, a reappraisal process is completed to ensure relevant lessons are learned and improvements are incorporated into future projects.

BUSINESS ENVIRONMENT AND RISK ASSESSMENT

Long-Term Business Outlook

By 2040, the world's population is projected to grow to approximately 9 billion people, or about 1.8 billion more than in 2015. Coincident with this population increase, the Corporation expects worldwide economic growth to average close to 3 percent per year. As economies and populations grow, and as living standards improve for billions of people, the need for energy will continue to rise. Even with significant efficiency gains, global energy demand is projected to rise by about 25 percent from 2015 to 2040. This demand increase is expected to be concentrated in developing countries (i.e., those that are not member nations of the Organisation for Economic Co-operation and Development).

As expanding prosperity drives global energy demand higher, increasing use of energy-efficient technologies and practices as well as lower-emission fuels will continue to help significantly reduce energy consumption and emissions per unit of economic output over time. Substantial efficiency gains are likely in all key aspects of the world's economy through 2040, affecting energy requirements for transportation, power generation, industrial applications, and residential and commercial needs.

Energy for transportation – including cars, trucks, ships, trains and airplanes – is expected to increase by about 25 percent from 2015 to 2040. The growth in transportation energy demand is likely to account for approximately 60 percent of the growth in liquid fuels demand worldwide over this period. Nearly all the world's transportation fleets will continue to run on liquid fuels, which are abundant, widely available, easy to transport, and provide a large quantity of energy in small volumes.

Demand for electricity around the world is likely to increase approximately 60 percent from 2015 to 2040, led by a doubling of demand in developing countries. Consistent with this projection, power generation is expected to remain the largest and fastest-growing major segment of global energy demand. Meeting the expected growth in power demand will require a diverse set of energy sources. The share of coal-fired generation is likely to decline to less than 30 percent of the world's electricity in 2040, versus about 40 percent in 2015, in part as a result of policies to improve air quality as well as reduce greenhouse gas emissions to address the risks of climate change. From 2015 to 2040, the amount of electricity generated using natural gas, nuclear power, and renewables is likely to approximately double, and account for 90 percent of the growth in electricity supplies. By 2040, coal, natural gas and renewables are projected to each be generating in the range of 25-30 percent of electricity worldwide, although significant differences will exist across regions reflecting a wide range of factors including the cost and availability of energy types.

Liquid fuels provide the largest share of global energy supplies today reflecting broad-based availability, affordability, ease of distribution, and fitness as a practical solution to meet a wide variety of needs. By 2040, global demand for liquid fuels is projected to grow to approximately 112 million barrels of oil-equivalent per day, an increase of about 20 percent from 2015. Much of this demand today is met by crude production from traditional conventional sources; these supplies will remain important as significant development activity is expected to offset much of the natural declines from these fields. At the same time, a variety of emerging supply sources – including tight oil, deepwater, oil sands, natural gas liquids and biofuels – are expected to grow significantly to meet rising demand. The world's resource base is sufficient to meet projected demand through

2040 as technology advances continue to expand the availability of economic supply options. However, access to resources and timely investments will remain critical to meeting global needs with reliable, affordable supplies.

Natural gas is a versatile fuel, suitable for a wide variety of applications, and it is expected to be the fastest-growing major fuel source from 2015 to 2040, meeting about 40 percent of global energy demand growth. Global natural gas demand is expected to rise about 45 percent from 2015 to 2040, with about 45 percent of that increase in the Asia Pacific region. Helping meet these needs will be significant growth in supplies of unconventional gas - the natural gas found in shale and other rock formations that was once considered uneconomic to produce. In total, about 60 percent of the growth in natural gas supplies is expected to be from unconventional sources. At the same time, conventionally-produced natural gas is likely to remain the cornerstone of supply, meeting about two-thirds of global demand in 2040. Worldwide liquefied natural gas (LNG) trade will expand significantly, likely reaching more than 2.5 times the level of 2015 by 2040, with much of this supply expected to meet rising demand in Asia Pacific.

The world's energy mix is highly diverse and will remain so through 2040. Oil is expected to remain the largest source of energy with its share remaining close to one-third in 2040. Coal is currently the second largest source of energy, but it is likely to lose that position to natural gas in the 2025-2030 timeframe. The share of natural gas is expected to reach 25 percent by 2040, while the share of coal falls to about 20 percent. Nuclear power is projected to grow significantly, as many nations are likely to expand nuclear capacity to address rising electricity needs as well as energy security and environmental issues. Total renewable energy is likely to reach about 15 percent of total energy by 2040, with biomass, hydro and geothermal contributing a combined share of more than 10 percent. Total energy supplied from wind, solar and biofuels is expected to increase rapidly, growing over 200 percent from 2015 to 2040, when they will be about 4 percent of world energy.

The Corporation anticipates that the world's available oil and gas resource base will grow not only from new discoveries, but also from reserve increases in previously discovered fields. Technology will underpin these increases. The cost to develop and supply these resources will be significant. According to the International Energy Agency, the investment required to meet oil and natural gas supply requirements worldwide over the period 2016-2040 will be about $23 trillion (measured in 2015 dollars) or approximately $900 billion per year on average.

International accords and underlying regional and national regulations covering greenhouse gas emissions continue to evolve with uncertain timing and outcome, making it difficult to predict their business impact. For many years, the Corporation has taken into account policies established to reduce energy-related greenhouse gas emissions in its long-term *Outlook for Energy*, which is used as a foundation for assessing the business environment and business strategies and investments. The climate accord reached at the recent Conference of the Parties (COP 21) in Paris set many new goals, and many related policies are still emerging. Our *Outlook* reflects increasingly stringent climate policies and is consistent with the aggregation of Nationally Determined Contributions which were submitted by signatories to the United Nations Framework Convention on Climate Change (UNFCC) 2015 Paris Agreement. Our *Outlook* seeks to identify potential impacts of climate related policies, which often target specific sectors, by using various assumptions and tools including application of a proxy cost of carbon to estimate potential impacts on consumer demands. For purposes of the *Outlook*, a proxy cost on energy-related CO_2 emissions is assumed to reach about $80 per tonne on average in 2040 in OECD nations. China and other leading non-OECD nations are expected to trail OECD policy initiatives. Nevertheless, as people and nations look for ways to reduce risks of global climate change, they will continue to need practical solutions that do not jeopardize the affordability or reliability of the energy they need. Thus, all practical and economically viable energy sources, both conventional and unconventional, will need to be pursued to continue meeting global energy demand, recognizing the scale and variety of worldwide energy needs as well as the importance of expanding access to modern energy to promote better standards of living for billions of people.

The information provided in the Long-Term Business Outlook includes ExxonMobil's internal estimates and forecasts based upon internal data and analyses as well as publicly available information from external sources including the International Energy Agency.

Upstream

ExxonMobil continues to maintain a diverse portfolio of exploration and development opportunities, which enables the Corporation to be selective, maximizing shareholder value and mitigating political and technical risks. ExxonMobil's fundamental Upstream business strategies guide our global exploration, development, production, and gas and power marketing activities. These strategies include capturing material and accretive opportunities to continually high-grade the resource portfolio, selectively developing attractive oil and natural gas resources, developing and applying high-impact technologies, and pursuing productivity and efficiency gains. These strategies are underpinned by a relentless focus on operational excellence, development of our employees, and investment in the communities within which we operate.

As future development projects and drilling activities bring new production online, the Corporation expects a shift in the geographic mix and in the type of opportunities from which volumes are produced. Oil equivalent production from North

RECENTLY ISSUED ACCOUNTING STANDARDS

In May 2014, the Financial Accounting Standards Board issued a new standard, *Revenue from Contracts with Customers*. The standard establishes a single revenue recognition model for all contracts with customers, eliminates industry specific requirements, and expands disclosure requirements. The standard is required to be adopted beginning January 1, 2018. "Sales and Other Operating Revenue" on the Consolidated Statement of Income includes sales, excise and value-added taxes on sales transactions. When the Corporation adopts the standard, revenue will exclude sales-based taxes collected on behalf of third parties. This change in reporting will not impact earnings. The Corporation expects to adopt the standard using the Modified Retrospective method, under which prior years' results are not restated, but supplemental information on the impact of the new standard is provided for 2018 results. The Corporation continues to evaluate other areas of the standard, which are not expected to have a material effect on the Corporation's financial statements.

In February 2016, the Financial Accounting Standards Board issued a new standard, *Leases*. The standard requires that all leases with an initial term greater than one year be recorded on the balance sheet as a lease asset and a lease liability. The standard is required to be adopted beginning January 1, 2019, with early adoption permitted. ExxonMobil is evaluating the standard and its effect on the Corporation's financial statements and plans to adopt it in 2019.

CRITICAL ACCOUNTING ESTIMATES

The Corporation's accounting and financial reporting fairly reflect its straightforward business model involving the extracting, refining and marketing of hydrocarbons and hydrocarbon-based products. The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles (GAAP) requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. The Corporation's accounting policies are summarized in Note 1.

Oil and Natural Gas Reserves

The estimation of proved reserves is an ongoing process based on rigorous technical evaluations, commercial and market assessment, and detailed analysis of well information such as flow rates and reservoir pressure declines, among other factors. The estimation of proved reserves is controlled by the Corporation through long-standing approval guidelines. Reserve changes are made within a well-established, disciplined process driven by senior level geoscience and engineering professionals, assisted by the Global Reserves Group which has significant technical experience, culminating in reviews with and approval by senior management. Notably, the Corporation does not use specific quantitative reserve targets to determine compensation. Key features of the reserve estimation process are covered in Disclosure of Reserves in Item 2.

Oil and natural gas reserves include both proved and unproved reserves.

- Proved oil and natural gas reserves are determined in accordance with Securities and Exchange Commission (SEC) requirements. Proved reserves are those quantities of oil and natural gas which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible under existing economic and operating conditions and government regulations. Proved reserves are determined using the average of first-of-month oil and natural gas prices during the reporting year.

  Proved reserves can be further subdivided into developed and undeveloped reserves. Proved developed reserves include amounts which are expected to be recovered through existing wells with existing equipment and operating methods. Proved undeveloped reserves include amounts expected to be recovered from new wells on undrilled proved acreage or from existing wells where a relatively major expenditure is required for completion. Proved undeveloped reserves are recognized only if a development plan has been adopted indicating that the reserves are scheduled to be drilled within five years, unless specific circumstances support a longer period of time.

  The percentage of proved developed reserves was 69 percent of total proved reserves at year-end 2016 (including both consolidated and equity company reserves), a reduction from 73 percent in 2015, and has been over 60 percent for the last ten years. Although the Corporation is reasonably certain that proved reserves will be produced, the timing and amount recovered can be affected by a number of factors including completion of development projects, reservoir performance, regulatory approvals and significant changes in long-term oil and natural gas prices.

- Unproved reserves are quantities of oil and natural gas with less than reasonable certainty of recoverability and include probable reserves. Probable reserves are reserves that, together with proved reserves, are as likely as not to be recovered.

Revisions in previously estimated volumes of proved reserves for existing fields can occur due to the evaluation or re-evaluation of (1) already available geologic, reservoir or production data, (2) new geologic, reservoir or production data or (3) changes in the

average of first-of-month oil and natural gas prices and / or costs that are used in the estimation of reserves. Revisions can also result from significant changes in development strategy or production equipment and facility capacity.

As a result of very low prices during 2016, under the SEC definition of proved reserves, certain quantities of oil and natural gas that qualified as proved reserves in prior years did not qualify as proved reserves at year-end 2016. Amounts no longer qualifying as proved reserves include the entire 3.5 billion barrels of bitumen at Kearl, in Canada. In addition, 0.8 billion barrels of oil equivalent across the remainder of North America no longer qualify as proved reserves mainly due to the acceleration of the projected end-of-field-life. Among the factors that would result in these amounts being recognized again as proved reserves at some point in the future are a recovery in average price levels, a further decline in costs, and / or operating efficiencies. Under the terms of certain contractual arrangements or government royalty regimes, lower prices can also increase proved reserves attributable to ExxonMobil. We do not expect the downward revision of reported proved reserves under SEC definitions to affect the operation of the underlying projects or to alter our outlook for future production volumes.

Supplemental information regarding oil and natural gas results of operations, capitalized costs and reserves is provided following the notes to consolidated financial statements.

Unit-of-Production Depreciation

Oil and natural gas reserve quantities are used as the basis to calculate unit-of-production depreciation rates for most upstream assets. Depreciation is calculated by taking the ratio of asset cost to total proved reserves or proved developed reserves applied to actual production. The volumes produced and asset cost are known, while proved reserves are based on estimates that are subject to some variability.

In the event that the unit-of-production method does not result in an equitable allocation of cost over the economic life of an upstream asset, an alternative method is used. The straight-line method is used in limited situations where the expected life of the asset does not reasonably correlate with that of the underlying reserves. For example, certain assets used in the production of oil and natural gas have a shorter life than the reserves, and as such, the Corporation uses straight-line depreciation to ensure the asset is fully depreciated by the end of its useful life.

To the extent that proved reserves for a property are entirely de-booked and that property continues to produce, assets will be depreciated using a unit-of-production method based on reserves determined at the most recent SEC price which results in a quantity of proved reserves greater than zero, appropriately adjusted for production and technical changes. The effect of this approach on the Corporation's 2017 depreciation expense versus 2016 is anticipated to be immaterial.

Impairment

The Corporation tests assets or groups of assets for recoverability whenever events or circumstances indicate that the carrying amounts may not be recoverable. Among the events or changes in circumstances which could indicate that the carrying value of an asset or asset group may not be recoverable are the following:

- a significant decrease in the market price of a long-lived asset;
- a significant adverse change in the extent or manner in which an asset is being used or in its physical condition including a significant decrease in current and projected reserve volumes;
- a significant adverse change in legal factors or in the business climate that could affect the value, including an adverse action or assessment by a regulator;
- an accumulation of project costs significantly in excess of the amount originally expected;
- a current-period operating loss combined with a history and forecast of operating or cash flow losses; and
- a current expectation that, more likely than not, a long-lived asset will be sold or otherwise disposed of significantly before the end of its previously estimated useful life.

The Corporation performs asset valuation analyses on an ongoing basis as a part of its asset management program. These analyses and other profitability reviews assist the Corporation in assessing whether the carrying amounts of any of its assets may not be recoverable.

In general, the Corporation does not view temporarily low prices or margins as an indication of impairment. Management does not believe that lower prices are sustainable if energy is to be delivered with supply security to meet global demand over the long term. Although prices will occasionally drop significantly, industry prices over the long term will continue to be driven by market supply and demand. On the supply side, industry production from mature fields is declining, but this is being offset by production from new discoveries and field developments. OPEC production policies also have an impact on world oil supplies. The demand side is largely a function of global economic growth. Because the lifespans of the vast majority of the Corporation's major assets are measured in decades, the value of these assets is predominantly based on long-term views of future commodity prices and

production costs. During the lifespan of these major assets, the Corporation expects that oil and gas prices will experience significant volatility, and consequently these assets will experience periods of higher earnings and periods of lower earnings, or even losses. In assessing whether the events or changes in circumstances indicate the carrying value of an asset may not be recoverable, the Corporation considers recent periods of operating losses in the context of its longer-term view of prices. While near-term prices are subject to wide fluctuations, longer-term price views are more stable and meaningful for purposes of assessing future cash flows.

When the industry experiences a prolonged and deep reduction in commodity prices, the market supply and demand conditions may result in changes to the Corporation's long-term price or margin assumptions it uses for its capital investment decisions. To the extent those changes result in a significant reduction in the mid-point of its long-term oil, natural gas price or margin ranges, the Corporation may consider that situation, in conjunction with other events and changes in circumstances such as a history of operating losses, an indicator of potential impairment for certain assets.

In the Upstream, the standardized measure of discounted cash flows included in the Supplemental Information on Oil and Gas Exploration and Production Activities is required to use prices based on the average of first-of-month prices. These prices represent discrete points in time and could be higher or lower than the Corporation's long-term price assumptions which are used for impairment assessments. The Corporation believes the standardized measure does not provide a reliable estimate of the expected future cash flows to be obtained from the development and production of its oil and gas properties or of the value of its oil and gas reserves and therefore does not consider it relevant in determining whether events or changes in circumstances indicate the need for an impairment assessment.

If events or circumstances indicate that the carrying value may not be recoverable, the Corporation estimates the future undiscounted cash flows of the affected properties to judge the recoverability of carrying amounts. In performing this assessment, assets are grouped at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. Cash flows used in recoverability assessments are based on the Corporation's assumptions which are developed in the annual planning and budgeting process, and are consistent with the criteria management uses to evaluate investment opportunities. These evaluations make use of the Corporation's assumptions of future crude oil and natural gas commodity prices, refining and chemical margins, volumes, costs, and foreign currency exchange rates. Volumes are based on projected field and facility production profiles, throughput, or sales. Where unproved reserves exist, an appropriately risk-adjusted amount of these reserves may be included in the evaluation. Cash flow estimates for impairment testing exclude the effects of derivative instruments.

An asset group is impaired if its undiscounted cash flows are less than the asset's carrying value. Impairments are measured by the amount by which the carrying value exceeds fair value. Fair value is based on market prices if an active market exists for the asset group, or discounted cash flows using a discount rate commensurate with the risk. Significant unproved properties are assessed for impairment individually, and valuation allowances against the capitalized costs are recorded based on the estimated economic chance of success and the length of time that the Corporation expects to hold the properties. Properties that are not individually significant are aggregated by groups and amortized based on development risk and average holding period.

Continued weakness in the upstream industry environment during 2016, continued weak financial results for several assets in North America, and a reduction in the mid-point of the ranges of the Corporation's long-term oil and natural gas prices developed as part of its annual planning and budgeting cycle led the Corporation to conclude that the facts and circumstances supported performing an impairment assessment of certain long-lived assets, notably North America natural gas assets and certain other assets across the remainder of its Upstream operations. The assessment reflected long-term crude and natural gas prices which are consistent with the mid-point of the ranges that management uses to evaluate investment opportunities and which are in the range of long-term price forecasts published by third-party industry experts and government agencies. This assessment indicated that the vast majority of asset groups have future undiscounted cash flow estimates exceeding carrying values. However, the carrying values for certain asset groups in the United States exceeded the estimated cash flows. As a result, the Corporation's fourth quarter 2016 results include an after-tax charge of $2 billion to reduce the carrying value of those assets to fair value. The asset groups subject to this impairment charge are primarily dry gas operations in the Rocky Mountains region of the United States with large undeveloped acreage positions.

The assessment of fair values required the use of Level 3 inputs. The principal parameters used to establish fair values included estimates of both proved and unproved reserves, future commodity prices which were consistent with the average of third-party industry experts and government agencies, drilling and development costs, discount rates ranging from 5.5 percent to 8 percent depending on the characteristics of the asset group, and comparable market transactions. Due to the inherent difficulty in predicting future commodity prices, and the relationship between industry prices and costs, it is not practicable to reasonably estimate the existence or range of any potential future impairment charges related to the Corporation's long-lived assets.

Impairment Assessment. The Corporation tests assets or groups of assets for recoverability whenever events or circumstances indicate that the carrying amounts may not be recoverable. Among the events or changes in circumstances which could indicate that the carrying value of an asset or asset group may not be recoverable are the following:

- a significant decrease in the market price of a long-lived asset;
- a significant adverse change in the extent or manner in which an asset is being used or in its physical condition including a significant decrease in current and projected reserve volumes;
- a significant adverse change in legal factors or in the business climate that could affect the value, including an adverse action or assessment by a regulator;
- an accumulation of project costs significantly in excess of the amount originally expected;
- a current-period operating loss combined with a history and forecast of operating or cash flow losses; and
- a current expectation that, more likely than not, a long-lived asset will be sold or otherwise disposed of significantly before the end of its previously estimated useful life.

The Corporation performs asset valuation analyses on an ongoing basis as a part of its asset management program. These analyses and other profitability reviews assist the Corporation in assessing whether the carrying amounts of any of its assets may not be recoverable.

In general, the Corporation does not view temporarily low prices or margins as an indication of impairment. Management does not believe that lower prices are sustainable if energy is to be delivered with supply security to meet global demand over the long term. Although prices will occasionally drop significantly, industry prices over the long term will continue to be driven by market supply and demand. On the supply side, industry production from mature fields is declining, but this is being offset by production from new discoveries and field developments. OPEC production policies also have an impact on world oil supplies. The demand side is largely a function of global economic growth. Because the lifespans of the vast majority of the Corporation's major assets are measured in decades, the value of these assets is predominantly based on long-term views of future commodity prices and production costs. During the lifespan of these major assets, the Corporation expects that oil and gas prices will experience significant volatility, and consequently these assets will experience periods of higher earnings and periods of lower earnings, or even losses. In assessing whether the events or changes in circumstances indicate the carrying value of an asset may not be recoverable, the Corporation considers recent periods of operating losses in the context of its longer-term view of prices. While near-term prices are subject to wide fluctuations, longer term price views are more stable and meaningful for purposes of assessing future cash flows.

When the industry experiences a prolonged and deep reduction in commodity prices, the market supply and demand conditions may result in changes to the Corporation's long-term price or margin assumptions it uses for its capital investment decisions. To the extent those changes result in a significant reduction in the mid-point of its long-term oil, natural gas price or margin ranges, the Corporation may consider that situation, in conjunction with other events and changes in circumstances such as a history of operating losses, an indicator of potential impairment for certain assets.

In the Upstream, the standardized measure of discounted cash flows included in the Supplemental Information on Oil and Gas Exploration and Production activities is required to use prices based on the average of first-of-month prices. These prices represent discrete points in time and could be higher or lower than the Corporation's long-term price assumptions which are used for impairment assessments. The Corporation believes the standardized measure does not provide a reliable estimate of the expected future cash flows to be obtained from the development and production of its oil and gas properties or of the value of its oil and gas reserves and therefore does not consider it relevant in determining whether events or changes in circumstances indicate the need for an impairment assessment.

If events or circumstances indicate that the carrying value may not be recoverable, the Corporation estimates the future undiscounted cash flows of the affected properties to judge the recoverability of carrying amounts. In performing this assessment, assets are grouped at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. Cash flows used in recoverability assessments are based on the Corporation's assumptions which are developed in the annual planning and budgeting process, and are consistent with the criteria management uses to evaluate investment opportunities. These evaluations make use of the Corporation's assumptions of future crude oil and natural gas commodity prices, refining and chemical margins, volumes, costs, and foreign currency exchange rates. Volumes are based on projected field and facility production profiles, throughput, or sales. Where unproved reserves exist, an appropriately risk-adjusted amount of these reserves may be included in the evaluation. Cash flow estimates for impairment testing exclude the effects of derivative instruments.

An asset group is impaired if its undiscounted cash flows are less than the asset's carrying value. Impairments are measured by the amount by which the carrying value exceeds fair value. Fair value is based on market prices if an active market exists for the asset group, or discounted cash flows using a discount rate commensurate with the risk. Significant unproved properties are assessed for impairment individually, and valuation allowances against the capitalized costs are recorded based on the estimated

economic chance of success and the length of time that the Corporation expects to hold the properties. Properties that are not individually significant are aggregated by groups and amortized based on development risk and average holding period.

Other. Gains on sales of proved and unproved properties are only recognized when there is neither uncertainty about the recovery of costs applicable to any interest retained nor any substantial obligation for future performance by the Corporation. Losses on properties sold are recognized when incurred or when the properties are held for sale and the fair value of the properties is less than the carrying value.

Interest costs incurred to finance expenditures during the construction phase of multiyear projects are capitalized as part of the historical cost of acquiring the constructed assets. The project construction phase commences with the development of the detailed engineering design and ends when the constructed assets are ready for their intended use. Capitalized interest costs are included in property, plant and equipment and are depreciated over the service life of the related assets.

Asset Retirement Obligations and Environmental Liabilities

The Corporation incurs retirement obligations for certain assets. The fair values of these obligations are recorded as liabilities on a discounted basis, which is typically at the time the assets are installed. The costs associated with these liabilities are capitalized as part of the related assets and depreciated. Over time, the liabilities are accreted for the change in their present value.

Liabilities for environmental costs are recorded when it is probable that obligations have been incurred and the amounts can be reasonably estimated. These liabilities are not reduced by possible recoveries from third parties, and projected cash expenditures are not discounted.

Foreign Currency Translation

The Corporation selects the functional reporting currency for its international subsidiaries based on the currency of the primary economic environment in which each subsidiary operates.

Downstream and Chemical operations primarily use the local currency. However, the U.S. dollar is used in countries with a history of high inflation (primarily in Latin America) and Singapore, which predominantly sells into the U.S. dollar export market. Upstream operations which are relatively self-contained and integrated within a particular country, such as Canada, the United Kingdom, Norway and continental Europe, use the local currency. Some Upstream operations, primarily in Asia and Africa, use the U.S. dollar because they predominantly sell crude and natural gas production into U.S. dollar-denominated markets.

For all operations, gains or losses from remeasuring foreign currency transactions into the functional currency are included in income.

Stock-Based Payments

The Corporation awards stock-based compensation to employees in the form of restricted stock and restricted stock units. Compensation expense is measured by the price of the stock at the date of grant and is recognized in income over the requisite service period.

Exhibit F

360-10-20 Glossary

General Note: The Master Glossary contains all terms identified as glossary terms throughout the Codification. Clicking on any term in the Master Glossary will display where the term is used. The Master Glossary may contain identical terms with different definitions, some of which may not be appropriate for a particular Subtopic. For any particular Subtopic, users should only use the glossary terms included in the particular Subtopic Glossary Section (Section 20).

Activities

The term activities is to be construed broadly. It encompasses physical construction of the asset. In addition, it includes all the steps required to prepare the asset for its intended use. For example, it includes administrative and technical activities during the preconstruction stage, such as the development of plans or the process of obtaining permits from governmental authorities. It also includes activities undertaken after construction has begun in order to overcome unforeseen obstacles, such as technical problems, labor disputes, or litigation.

Asset Group

An asset group is the unit of accounting for a long-lived asset or assets to be held and used, which represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities.

Bargain Purchase Option

A provision allowing the lessee, at his option, to purchase the leased property for a price that is sufficiently lower than the expected fair value of the property at the date the option becomes exercisable that exercise of the option appears, at lease inception, to be reasonably assured.

Note: The following definition is Pending Content; see Transition Guidance in **842-10-65-1** .

[Glossary term superseded by Accounting Standards Update No. 2016-02]

Bargain Renewal Option

A provision allowing the lessee, at his option, to renew the lease for a rental sufficiently lower than the fair rental of the property at the date the option becomes exercisable that exercise of the option appears, at lease inception, to be reasonably assured. Fair rental of a property in this context shall mean the expected rental for equivalent property under similar terms and conditions.

Note: The following definition is Pending Content; see Transition Guidance in **842-10-65-1** .

[Glossary term superseded by Accounting Standards Update No. 2016-02]

Business

An integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs, or other economic benefits directly to investors or other owners, members, or participants. Additional guidance on what a business consists of is presented in paragraphs **805-10-55-4 through 55-9** .

Note: The following definition is Pending Content; see Transition Guidance in paragraph **805-10-65-4** .

Paragraphs **805-10-55-3A through 55-6** and **805-10-55-8 through 55-9** define what is considered a business.

Component of an Entity

A component of an entity comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity. A component of an entity may be a reportable segment or an **operating segment** , a **reporting unit** , a subsidiary, or an **asset group** .

Contract

Note: The following definition is Pending Content; see Transition Guidance in **606-10-65-1**

An agreement between two or more parties that creates enforceable rights and obligations.

Customer

A user or reseller.

Note: The following definition is Pending Content; see Transition Guidance in **606-10-65-1** .

A party that has contracted with an entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for consideration.

Disposal Group

A disposal group for a long-lived asset or assets to be disposed of by sale or otherwise represents assets to be disposed of together as a group in a single transaction and liabilities directly associated with those assets that will be transferred in the transaction. A disposal group may include a discontinued operation along with other assets and liabilities that are not part of the discontinued operation.

Firm Purchase Commitment

A firm purchase commitment is an agreement with an unrelated party, binding on both parties and usually legally enforceable, that meets both of the following conditions:

a. It specifies all significant terms, including the price and timing of the transaction.
b. It includes a disincentive for nonperformance that is sufficiently large to make performance probable.

Impairment

Impairment is the condition that exists when the carrying amount of a long-lived asset (asset group) exceeds its fair value.

Indirectly Related to the Leased Property

The provisions or conditions that in substance are guarantees of the lessor's debt or loans to the lessor by the lessee that are related to the leased property but are structured in such a manner that they do not represent a direct guarantee or loan. Examples include a party related to the lessee guaranteeing the lessor's debt on behalf of the lessee, or the lessee financing the lessor's purchase of the leased asset using collateral other than the leased property.

Note: The following definition is Pending Content; see Transition Guidance in **842-10-65-1** .

[Glossary term superseded by Accounting Standards Update No. 2016-02]

Integral Equipment

Integral equipment is any physical structure or equipment attached to the real estate that cannot be

removed and used separately without incurring significant cost.

Lease

An agreement conveying the right to use property, plant, or equipment (land and/or depreciable assets) usually for a stated period of time.

Note: The following definition is Pending Content; see Transition Guidance in **842-10-65-1** .

A **contract** , or part of a contract, that conveys the right to control the use of identified property, plant, or equipment (an identified asset) for a period of time in exchange for consideration.

Lease Term

The fixed **noncancelable lease term** plus all of the following, except as noted in the following paragraph:

- a. All periods, if any, covered by bargain renewal options.
- b. All periods, if any, for which failure to renew the lease imposes a **penalty** on the lessee in such amount that a renewal appears, at lease inception, to be reasonably assured
- c. All periods, if any, covered by ordinary renewal options during which any of the following conditions exist:
  1. A guarantee by the lessee of the lessor's debt directly or **indirectly related to the leased property** is expected to be in effect.
  2. A loan from the lessee to the lessor directly or indirectly related to the leased property is expected to be outstanding.
- d. All periods, if any, covered by ordinary renewal options preceding the date as of which a **bargain purchase option** is exercisable
- e. All periods, if any, representing renewals or extensions of the lease at the lessor's option.

The lease term shall not be assumed to extend beyond the date a bargain purchase option becomes exercisable.

Note: The following definition is Pending Content; see Transition Guidance in **842-10-65-1** .

The noncancellable period for which a **lessee** has the right to use an **underlying asset** , together with all of the following:

- a. Periods covered by an option to extend the **lease** if the lessee is reasonably certain to exercise that option
- b. Periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option
- c. Periods covered by an option to extend (or not to terminate) the lease in which exercise of the option is controlled by the **lessor** .

Lessee

Note: The following definition is Pending Content; see Transition Guidance in **842-10-65-1** .

An entity that enters into a **contract** to obtain the right to use an **underlying asset** for a period of time in exchange for consideration.

Lessor

Note: The following definition is Pending Content; see Transition Guidance in **842-10-65-1** .

An entity that enters into a **contract** to provide the right to use an **underlying asset** for a period of time in exchange for consideration.

Net Realizable Value

Estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation.

Noncancelable Lease Term

That portion of the lease term that is cancelable only under any of the following conditions:

a. Upon the occurrence of some remote contingency
b. With the permission of the lessor
c. If the lessee enters into a new lease with the same lessor
d. If the lessee incurs a penalty in such amount that continuation of the lease appears, at inception, reasonably assured.

Note: The following definition is Pending Content; see Transition Guidance in **842-10-65-1** .

[Glossary term superseded by Accounting Standards Update No. 2016-02]

Nonprofit Activity

An integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing benefits, other than goods or services at a profit or profit equivalent, as a fulfillment of an entity's purpose or mission (for example, goods or services to beneficiaries, customers, or members). As with a not-for-profit entity, a nonprofit activity possesses characteristics that distinguish it from a **business** or a for-profit business entity.

Not-for-Profit Entity

An entity that possesses the following characteristics, in varying degrees, that distinguish it from a business entity:

a. Contributions of significant amounts of resources from resource providers who do not expect commensurate or proportionate pecuniary return
b. Operating purposes other than to provide goods or services at a profit
c. Absence of ownership interests like those of business entities.

Entities that clearly fall outside this definition include the following:

a. All investor-owned entities
b. Entities that provide dividends, lower costs, or other economic benefits directly and proportionately to their owners, members, or participants, such as mutual insurance entities, credit unions, farm and rural electric cooperatives, and employee benefit plans.

Operating Segment

A component of a public entity. See Section **280-10-50** for additional guidance on the definition of an operating segment.

Penalty

Any requirement that is imposed or can be imposed on the lessee by the lease agreement or by factors outside the lease agreement to do any of the following:

a. Disburse cash
b. Incur or assume a liability
c. Perform services
d. Surrender or transfer an asset or rights to an asset or otherwise forego an economic benefit, or suffer an economic detriment. Factors to consider in determining whether an economic detriment may be incurred include, but are not limited to, all of the following:
    1. The uniqueness of purpose or location of the property
    2. The availability of a comparable replacement property
    3. The relative importance or significance of the property to the continuation of the lessee's line of business or service to its customers
    4. The existence of leasehold improvements or other assets whose value would be impaired by the lessee vacating or discontinuing use of the leased property
    5. Adverse tax consequences
    6. The ability or willingness of the lessee to bear the cost associated with relocation or replacement of the leased property at market rental rates or to tolerate other parties

using the leased property.

Note: The following definition is Pending Content; see Transition Guidance in **842-10-65-1** .

Any requirement that is imposed or can be imposed on the **lessee** by the **lease** agreement or by factors outside the lease agreement to do any of the following:

a. Disburse cash
b. Incur or assume a liability
c. Perform services
d. Surrender or transfer an asset or rights to an asset or otherwise forego an economic benefit, or suffer an economic detriment. Factors to consider in determining whether an economic detriment may be incurred include, but are not limited to, all of the following:
    1. The uniqueness of purpose or location of the **underlying asset**
    2. The availability of a comparable replacement asset
    3. The relative importance or significance of the underlying asset to the continuation of the lessee's line of business or service to its customers
    4. The existence of leasehold improvements or other assets whose value would be impaired by the lessee vacating or discontinuing use of the underlying asset
    5. Adverse tax consequences
    6. The ability or willingness of the lessee to bear the cost associated with relocation or replacement of the underlying asset at market rental rates or to tolerate other parties using the underlying asset.

Performance Obligation

Note: The following definition is Pending Content; see Transition Guidance in **606-10-65-1**

A promise in a **contract** with a **customer** to transfer to the customer either:

a. A good or service (or a bundle of goods or services) that is distinct
b. A series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

Probable

The future event or events are likely to occur.

Public Business Entity

A public business entity is a business entity meeting any one of the criteria below. Neither a not-for-profit entity nor an employee benefit plan is a business entity.

a. It is required by the U.S. Securities and Exchange Commission (SEC) to file or furnish

financial statements, or does file or furnish financial statements (including voluntary filers), with the SEC (including other entities whose financial statements or financial information are required to be or are included in a filing).

b. It is required by the Securities Exchange Act of 1934 (the Act), as amended, or rules or regulations promulgated under the Act, to file or furnish financial statements with a regulatory agency other than the SEC.

c. It is required to file or furnish financial statements with a foreign or domestic regulatory agency in preparation for the sale of or for purposes of issuing securities that are not subject to contractual restrictions on transfer.

d. It has issued, or is a conduit bond obligor for, **securities** that are traded, listed, or quoted on an exchange or an over-the-counter market.

e. It has one or more securities that are not subject to contractual restrictions on transfer, and it is required by law, contract, or regulation to prepare U.S. GAAP financial statements (including notes) and make them publicly available on a periodic basis (for example, interim or annual periods). An entity must meet both of these conditions to meet this criterion.

An entity may meet the definition of a public business entity solely because its financial statements or financial information is included in another entity's filing with the SEC. In that case, the entity is only a public business entity for purposes of financial statements that are filed or furnished with the SEC.

Reporting Unit

The level of reporting at which goodwill is tested for impairment. A reporting unit is an **operating segment** or one level below an operating segment (also known as a component).

Revenue

Revenue earned by an entity from its direct distribution, exploitation, or licensing of a film, before deduction for any of the entity's direct costs of distribution. For markets and territories in which an entity's fully or jointly-owned films are distributed by third parties, revenue is the net amounts payable to the entity by third party distributors. Revenue is reduced by appropriate allowances, estimated returns, price concessions, or similar adjustments, as applicable.

Note: The following definition is Pending Content; see Transition Guidance in **606-10-65-1** .

Inflows or other enhancements of assets of an entity or settlements of its liabilities (or a combination of both) from delivering or producing goods, rendering services, or other activities that constitute the entity's ongoing major or central operations.

Right-of-Use Asset

Note: The following definition is Pending Content; see Transition Guidance in **842-10-65-1** .

An asset that represents a lessee's right to use an **underlying asset** for the **lease term** .

Security

A share, participation, or other interest in property or in an entity of the issuer or an obligation of the issuer that has all of the following characteristics:

a. It is either represented by an instrument issued in bearer or registered form or, if not represented by an instrument, is registered in books maintained to record transfers by or on behalf of the issuer.
b. It is of a type commonly dealt in on securities exchanges or markets or, when represented by an instrument, is commonly recognized in any area in which it is issued or dealt in as a medium for investment.
c. It either is one of a class or series or by its terms is divisible into a class or series of shares, participations, interests, or obligations.

Underlying Asset

Note: The following definition is Pending Content; see Transition Guidance in **842-10-65-1** .

An asset that is the subject of a **lease** for which a right to use that asset has been conveyed to a **lessee** . The underlying asset could be a physically distinct portion of a single asset.

FASB Codification

360-10-35 Subsequent Measurement

General Note: The Subsequent Measurement Section provides guidance on an entity's subsequent measurement and subsequent recognition of an item. Situations that may result in subsequent changes to carrying amount include impairment, credit losses, fair value adjustments, depreciation and amortization, and so forth.

General

35-1 This Subsection addresses depreciation of property, plant, and equipment and the post acquisition accounting for an interest in the residual value of a leased asset.

> Depreciation

35-2 This guidance addresses the concept of depreciation accounting and the various factors to consider in selecting the related periods and methods to be used in such accounting.

35-3 Depreciation expense in financial statements for an asset shall be determined based on the asset's useful life.

35-4 The cost of a productive facility is one of the costs of the services it renders during its useful economic life. Generally accepted accounting principles (GAAP) require that this cost be spread over the expected useful life of the facility in such a way as to allocate it as equitably as possible to the periods during which services are obtained from the use of the facility. This procedure is known as depreciation accounting, a system of accounting which aims to distribute the cost or other basic value of tangible capital assets, less salvage (if any), over the estimated useful life of the unit (which may be a group of assets) in a systematic and rational manner. It is a process of allocation, not of valuation.

35-5 See paragraph **360-10-35-20** for a discussion of depreciation of a new cost basis after recognition of an **impairment** loss.

35-6 See paragraph **360-10-35-43** for a discussion of cessation of depreciation on long-lived assets classified as held for sale.

>> Declining Balance Method

35-7 The declining-balance method is an example of one of the methods that meet the requirements of being systematic and rational. If the expected productivity or revenue-earning power of the asset is relatively greater during the earlier years of its life, or maintenance charges tend to increase during later years, the declining-balance method may provide the most satisfactory allocation of cost. That conclusion also applies to other methods, including the sum-of-the-years'-digits method, that produce substantially similar results.

Pending Content:
Transition Date: *(P) December 16, 2017; (N) December 16, 2018* | **Transition Guidance:** **606-10-65-1**
The declining-balance method is an example of one of the methods that meet the requirements of being systematic and rational. If the expected productivity of the asset or ability of the asset to generate revenue is relatively greater during the earlier years of its life, or maintenance charges tend to increase during later years, the declining-balance method may provide the most satisfactory allocation of cost. That conclusion also applies to other methods, including the sum-of-the-years'-digits method, that produce substantially similar results.

>> Loss or Damage Experience as a Factor in Estimating Depreciable Lives

35-8 In practice, experience regarding loss or damage to depreciable assets is in some cases one of the factors considered in estimating the depreciable lives of a group of depreciable assets, along with such other factors as wear and tear, obsolescence, and maintenance and replacement policies.

>> Unacceptable Depreciation Methods

35-9 If the number of years specified by the Accelerated Cost Recovery System of the Internal Revenue Service (IRS) for recovery deductions for an asset does not fall within a reasonable range of the asset's useful life, the recovery deductions shall not be used as depreciation expense for financial reporting.

35-10 Annuity methods of depreciation are not acceptable for entities in general.

>> Accounting Changes

35-11 See paragraphs **250-10-45-17 through 45-20** for guidance on the accounting and presentation of changes in methods of depreciation.

35-12 [Paragraph Not Used]

> Adjusting the Residual Value in Leased Assets by a Third Party

35-13 The following paragraph provides guidance on how an entity acquiring an interest in the residual value of a leased asset shall account for that asset during the lease term.

35-14 An entity acquiring an interest in the residual value of any leased asset, irrespective of the classification of the related lease by the lessor, shall not recognize increases to the asset's estimated value over the remaining term of the related lease, and the asset shall be reported at no more than its acquisition cost until sale or disposition. If it is subsequently determined that the fair value of the residual value of a leased asset has declined below the carrying amount of the acquired interest and that decline is other than temporary, the asset shall be written down to fair value, and the amount of the write-down shall be recognized as a loss. That fair value becomes the asset's new carrying amount, and the asset shall not be increased for any subsequent increase in its fair value before its sale or disposition.

Impairment or Disposal of Long-Lived Assets

35-15 There are unique requirements of accounting for the **impairment** or disposal of long-lived assets to be held and used or to be disposed of. Although this guidance deals with matters which may lead to the ultimate disposition of assets, it is included in this Subsection because it describes the measurement and classification of assets to be held and used and assets held for disposal before actual disposition and derecognition. See the Impairment or Disposal of Long-Lived Assets Subsection of Section 360-10-40 for a discussion of assets or asset groups for which disposition has taken place in an exchange or distribution to owners.

> Long-Lived Assets Classified as Held and Used

35-16 This guidance addresses how long-lived assets or asset groups that are intended to be held and used in an entity's business shall be reviewed for impairment.

>> Measurement of an Impairment Loss

35-17 An impairment loss shall be recognized only if the carrying amount of a long-lived asset (**asset group**) is not recoverable and exceeds its fair value. The carrying amount of a long-lived asset (asset group) is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset (asset group). That assessment shall be based on the carrying amount of the asset (asset group) at the date it is tested for recoverability, whether in use (see paragraph **360-10-35-33**) or under development (see paragraph **360-10-35-34**). An impairment loss shall be measured as the amount by which the carrying amount of a long-lived asset (asset group) exceeds its fair value.

>>> Assets Subject to Asset Retirement Obligations

35-18 In applying the provisions of this Subtopic, the carrying amount of the asset being tested for impairment shall include amounts of capitalized asset retirement costs. Estimated future cash flows related to the liability for an asset retirement obligation that has been recognized in the financial statements shall be excluded from both of the following:

a. The undiscounted cash flows used to test the asset for recoverability
b. The discounted cash flows used to measure the asset's fair value.

35-19 If the fair value of the asset is based on a quoted market price and that price considers the costs that will be incurred in retiring that asset, the quoted market price shall be increased by the fair value of the asset retirement obligation for purposes of measuring impairment.

>> Adjusted Carrying Amount Becomes New Cost Basis

35-20 If an impairment loss is recognized, the adjusted carrying amount of a long-lived asset shall be its new cost basis. For a depreciable long-lived asset, the new cost basis shall be depreciated (amortized) over the remaining useful life of that asset. Restoration of a previously recognized impairment loss is prohibited.

>> When to Test a Long-Lived Asset for Recoverability

35-21 A long-lived asset (asset group) shall be tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The following are examples of such events or changes in circumstances:

a. A significant decrease in the market price of a long-lived asset (asset group)
b. A significant adverse change in the extent or manner in which a long-lived asset (asset group) is being used or in its physical condition
c. A significant adverse change in legal factors or in the business climate that could affect the value of a long-lived asset (asset group), including an adverse action or assessment by a

regulator

d. An accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of a long-lived asset (asset group)

e. A current-period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with the use of a long-lived asset (asset group)

f. A current expectation that, more likely than not, a long-lived asset (asset group) will be sold or otherwise disposed of significantly before the end of its previously estimated useful life. The term *more likely than not* refers to a level of likelihood that is more than 50 percent.

35-22 When a long-lived asset (asset group) is tested for recoverability, it also may be necessary to review depreciation estimates and method as required by Topic 250 or the amortization period as required by Topic 350. Paragraphs **250-10-45-17 through 45-20** and **250-10-50-4** address the accounting for changes in estimates, including changes in the method of depreciation, amortization, and depletion. Paragraphs **350-30-35-1 through 35-5** address the determination of the useful life of an intangible asset. Any revision to the remaining useful life of a long-lived asset resulting from that review also shall be considered in developing estimates of future cash flows used to test the asset (asset group) for recoverability (see paragraphs **360-10-35-31 through 35-32**). However, any change in the accounting method for the asset resulting from that review shall be made only after applying this Subtopic.

>> Grouping Long-Lived Assets Classified as Held and Used

35-23 For purposes of recognition and measurement of an impairment loss, a long-lived asset or assets shall be grouped with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. However, an impairment loss, if any, that results from applying this Subtopic shall reduce only the carrying amount of a long-lived asset or assets of the group in accordance with paragraph **360-10-35-28** .

35-24 In limited circumstances, a long-lived asset (for example, a corporate headquarters facility) may not have identifiable cash flows that are largely independent of the cash flows of other assets and liabilities and of other asset groups. In those circumstances, the asset group for that long-lived asset shall include all assets and liabilities of the entity.

35-25 In limited circumstances, an asset group will include all assets and liabilities of the entity. For example, the cost of operating assets such as corporate headquarters or centralized research facilities may be funded by revenue-producing activities at lower levels of the entity. Accordingly, in limited circumstances, the lowest level of identifiable cash flows that are largely independent of other asset groups may be the entity level. See Example 4 (paragraph **360-10-55-35**).

>>> Effect of Goodwill when Grouping

35-26 Goodwill shall be included in an asset group to be tested for impairment under this Subtopic only if the asset group is or includes a reporting unit. Goodwill shall not be included in a lower-level asset group that includes only part of a reporting unit. Estimates of future cash flows used to test that lower-level asset group for recoverability shall not be adjusted for the effect of excluding goodwill from the group. The term *reporting unit* is defined in Topic 350 as the same level as or one level below an **operating segment** . That Topic requires that goodwill be tested for impairment at the reporting unit level.

35-27 Other than goodwill, the carrying amounts of any assets (such as accounts receivable and inventory) and liabilities (such as accounts payable, long-term debt, and asset retirement obligations) not covered by this Subtopic that are included in an asset group shall be adjusted in accordance with other applicable generally accepted accounting principles (GAAP) before testing the asset group for recoverability. Paragraph **350-20-35-31** requires that goodwill be tested for impairment only after the carrying amounts of the other assets of the reporting unit, including the long-lived assets covered by this Subtopic, have been tested for impairment under other applicable accounting guidance.

>> Allocating Impairment Losses to an Asset Group

35-28 An impairment loss for an asset group shall reduce only the carrying amounts of a long-lived asset or assets of the group. The loss shall be allocated to the long-lived assets of the group on a pro rata basis using the relative carrying amounts of those assets, except that the loss allocated to an individual long-lived asset of the group shall not reduce the carrying amount of that asset below its fair value whenever that fair value is determinable without undue cost and effort. See Example 1 (paragraph **360-10-55-20**) for an illustration of this guidance.

>> Estimates of Future Cash Flows Used to Test a Long-Lived Asset for Recoverability

35-29 Estimates of future cash flows used to test the recoverability of a long-lived asset (asset group) shall include only the future cash flows (cash inflows less associated cash outflows) that are directly associated with and that are expected to arise as a direct result of the use and eventual disposition of the asset (asset group). Those estimates shall exclude interest charges that will be recognized as an expense when incurred.

35-30 Estimates of future cash flows used to test the recoverability of a long-lived asset (asset group) shall incorporate the entity's own assumptions about its use of the asset (asset group) and shall consider all available evidence. The assumptions used in developing those estimates shall be reasonable in relation to the assumptions used in developing other information used by the entity for comparable

periods, such as internal budgets and projections, accruals related to incentive compensation plans, or information communicated to others. However, if alternative courses of action to recover the carrying amount of a long-lived asset (asset group) are under consideration or if a range is estimated for the amount of possible future cash flows associated with the likely course of action, the likelihood of those possible outcomes shall be considered. A probability-weighted approach may be useful in considering the likelihood of those possible outcomes. See Example 2 (paragraph **360-10-55-23**) for an illustration of this guidance.

35-31 Estimates of future cash flows used to test the recoverability of a long-lived asset (asset group) shall be made for the remaining useful life of the asset (asset group) to the entity. The remaining useful life of an asset group shall be based on the remaining useful life of the primary asset of the group. For purposes of this Subtopic, the primary asset is the principal long-lived tangible asset being depreciated or intangible asset being amortized that is the most significant component asset from which the asset group derives its cash-flow-generating capacity. The primary asset of an asset group therefore cannot be land or an intangible asset not being amortized.

35-32 Factors that an entity generally shall consider in determining whether a long-lived asset is the primary asset of an asset group include the following:

a. Whether other assets of the group would have been acquired by the entity without the asset
b. The level of investment that would be required to replace the asset
c. The remaining useful life of the asset relative to other assets of the group. If the primary asset is not the asset of the group with the longest remaining useful life, estimates of future cash flows for the group shall assume the sale of the group at the end of the remaining useful life of the primary asset.

35-33 Estimates of future cash flows used to test the recoverability of a long-lived asset (asset group) that is in use, including a long-lived asset (asset group) for which development is substantially complete, shall be based on the existing service potential of the asset (asset group) at the date it is tested. The service potential of a long-lived asset (asset group) encompasses its remaining useful life, cash-flow-generating capacity, and for tangible assets, physical output capacity. Those estimates shall include cash flows associated with future expenditures necessary to maintain the existing service potential of a long-lived asset (asset group), including those that replace the service potential of component parts of a long-lived asset (for example, the roof of a building) and component assets other than the primary asset of an asset group. Those estimates shall exclude cash flows associated with future capital expenditures that would increase the service potential of a long-lived asset (asset group).

35-34 Estimates of future cash flows used to test the recoverability of a long-lived asset (asset group) that is under development shall be based on the expected service potential of the asset (group) when development is substantially complete. Those estimates shall include cash flows associated with all future expenditures necessary to develop a long-lived asset (asset group), including interest payments that will be capitalized as part of the cost of the asset (asset group). Subtopic 835-20 requires the

capitalization period to end when the asset is substantially complete and ready for its intended use.

35-35 If a long-lived asset that is under development is part of an asset group that is in use, estimates of future cash flows used to test the recoverability of that group shall include the cash flows associated with future expenditures necessary to maintain the existing service potential of the group (see paragraph **360-10-35-33**) as well as the cash flows associated with all future expenditures necessary to substantially complete the asset that is under development (see the preceding paragraph). See Example 3 (paragraph **360-10-55-33**). See also paragraphs **360-10-55-7 through 55-18** for considerations of site restoration and environmental exit costs.

>> Fair Value

35-36 For long-lived assets (asset groups) that have uncertainties both in timing and amount, an expected present value technique will often be the appropriate technique with which to estimate fair value.

> Long-Lived Assets Classified as Held for Sale

35-37 This guidance addresses the accounting for expected disposal losses for long-lived assets and asset groups that are classified as held for sale but have not yet been sold. See paragraphs **360-10-45-9 through 45-11** for the initial criteria to be met for classification as held for sale.

>> Measurement of Expected Disposal Loss or Gain

35-38 Costs to sell are the incremental direct costs to transact a sale, that is, the costs that result directly from and are essential to a sale transaction and that would not have been incurred by the entity had the decision to sell not been made. Those costs include broker commissions, legal and title transfer fees, and closing costs that must be incurred before legal title can be transferred. Those costs exclude expected future losses associated with the operations of a long-lived asset (**disposal group**) while it is classified as held for sale. Expected future operating losses that marketplace participants would not similarly consider in their estimates of the fair value less cost to sell of a long-lived asset (disposal group) classified as held for sale shall not be indirectly recognized as part of an expected loss on the sale by reducing the carrying amount of the asset (disposal group) to an amount less than its current fair value less cost to sell. If the sale is expected to occur beyond one year as permitted in limited situations by paragraph **360-10-45-11** , the cost to sell shall be discounted.

35-39 The carrying amounts of any assets that are not covered by this Subtopic, including goodwill, that are included in a disposal group classified as held for sale shall be adjusted in accordance with other applicable GAAP prior to measuring the fair value less cost to sell of the disposal group. Paragraphs **350-20-40-1 through 40-7** provide guidance for allocating goodwill to a lower-level asset group to be

disposed of that is part of a reporting unit and that constitutes a business. Goodwill is not included in a lower-level asset group to be disposed of that is part of a reporting unit if it does not constitute a business.

35-40 A loss shall be recognized for any initial or subsequent write-down to fair value less cost to sell. A gain shall be recognized for any subsequent increase in fair value less cost to sell, but not in excess of the cumulative loss previously recognized (for a write-down to fair value less cost to sell). The loss or gain shall adjust only the carrying amount of a long-lived asset, whether classified as held for sale individually or as part of a disposal group.

35-41 See paragraphs **310-40-35-11** and **310-40-40-10** for guidance related to determination of cost basis for foreclosed assets under Subtopic 310-40 and the measurement of cumulative losses previously recognized under the preceding paragraph.

35-42 See paragraphs **830-30-45-13 through 45-15** for guidance regarding the application of Topic 830 to an investment being evaluated for impairment that will be disposed of.

>> Accounting While Held for Sale

35-43 A long-lived asset (disposal group) classified as held for sale shall be measured at the lower of its carrying amount or fair value less cost to sell. If the asset (disposal group) is newly acquired, the carrying amount of the asset (disposal group) shall be established based on its fair value less cost to sell at the acquisition date. A long-lived asset shall not be depreciated (amortized) while it is classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale shall continue to be accrued.

>> Changes to a Plan of Sale

35-44 If circumstances arise that previously were considered unlikely and, as a result, an entity decides not to sell a long-lived asset (disposal group) previously classified as held for sale, the asset (disposal group) shall be reclassified as held and used. A long-lived asset that is reclassified shall be measured individually at the lower of the following:

a. Its carrying amount before the asset (disposal group) was classified as held for sale, adjusted for any depreciation (amortization) expense that would have been recognized had the asset (disposal group) been continuously classified as held and used
b. Its fair value at the date of the subsequent decision not to sell.

35-45 If an entity removes an individual asset or liability from a disposal group previously classified as held for sale, the remaining assets and liabilities of the disposal group to be sold shall continue to be measured as a group only if the criteria in paragraph **360-10-45-9** are met. Otherwise, the remaining long-lived assets of the group shall be measured individually at the lower of their carrying amounts or fair

values less cost to sell at that date.

> Long-Lived Assets to Be Disposed of Other than by Sale

35-46 This guidance addresses the accounting for impairment of long-lived assets and asset groups that are intended to be disposed of by abandonment.

>> Long-Lived Assets to Be Abandoned

35-47 For purposes of this Subtopic, a long-lived asset to be abandoned is disposed of when it ceases to be used. If an entity commits to a plan to abandon a long-lived asset before the end of its previously estimated useful life, depreciation estimates shall be revised in accordance with paragraphs **250-10-45-17 through 45-20** and **250-10-50-4** to reflect the use of the asset over its shortened useful life (see paragraph **360-10-35-22**).

35-48 Because the continued use of a long-lived asset demonstrates the presence of service potential, only in unusual situations would the fair value of a long-lived asset to be abandoned be zero while it is being used. When a long-lived asset ceases to be used, the carrying amount of the asset should equal its salvage value, if any. The salvage value of the asset shall not be reduced to an amount less than zero.

>> Long-Lived Asset Temporarily Idled

35-49 A long-lived asset that has been temporarily idled shall not be accounted for as if abandoned.

Exhibit G

2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

☑ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2015

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number 1-2256

EXXON MOBIL CORPORATION

(Exact name of registrant as specified in its charter)

NEW JERSEY	**13-5409005**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

5959 LAS COLINAS BOULEVARD, IRVING, TEXAS 75039-2298
(Address of principal executive offices) (Zip Code)

(972) 444-1000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, without par value (4,152,756,609 shares outstanding at January 31, 2016)	**New York Stock Exchange**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑ Accelerated filer ☐

Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Act). Yes ☐ No ☑

The aggregate market value of the voting stock held by non-affiliates of the registrant on June 30, 2015, the last business day of the registrant's most recently completed second fiscal quarter, based on the closing price on that date of $83.20 on the New York Stock Exchange composite tape, was in excess of $346 billion.

Documents Incorporated by Reference: Proxy Statement for the 2016 Annual Meeting of Shareholders (Part III)

EXXON MOBIL CORPORATION
FORM 10-K
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

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ITEM 1A. RISK FACTORS

ExxonMobil's financial and operating results are subject to a variety of risks inherent in the global oil, gas, and petrochemical businesses. Many of these risk factors are not within the Company's control and could adversely affect our business, our financial and operating results, or our financial condition. These risk factors include:

Supply and Demand

The oil, gas, and petrochemical businesses are fundamentally commodity businesses. This means ExxonMobil's operations and earnings may be significantly affected by changes in oil, gas, and petrochemical prices and by changes in margins on refined products. Oil, gas, petrochemical, and product prices and margins in turn depend on local, regional, and global events or conditions that affect supply and demand for the relevant commodity. Any material decline in oil or natural gas prices could have a material adverse effect on certain of the Company's operations, especially in the Upstream segment, financial condition and proved reserves. On the other hand, a material increase in oil or natural gas prices could have a material adverse effect on certain of the Company's operations, especially in the Downstream and Chemical segments.

Economic conditions. The demand for energy and petrochemicals correlates closely with general economic growth rates. The occurrence of recessions or other periods of low or negative economic growth will typically have a direct adverse impact on our results. Other factors that affect general economic conditions in the world or in a major region, such as changes in population growth rates, periods of civil unrest, government austerity programs, or currency exchange rate fluctuations, can also impact the demand for energy and petrochemicals. Sovereign debt downgrades, defaults, inability to access debt markets due to credit or legal constraints, liquidity crises, the breakup or restructuring of fiscal, monetary, or political systems such as the European Union, and other events or conditions that impair the functioning of financial markets and institutions also pose risks to ExxonMobil, including risks to the safety of our financial assets and to the ability of our partners and customers to fulfill their commitments to ExxonMobil.

Other demand-related factors. Other factors that may affect the demand for oil, gas, and petrochemicals, and therefore impact our results, include technological improvements in energy efficiency; seasonal weather patterns, which affect the demand for energy associated with heating and cooling; increased competitiveness of alternative energy sources that have so far generally not been competitive with oil and gas without the benefit of government subsidies or mandates; and changes in technology or consumer preferences that alter fuel choices, such as toward alternative fueled or electric vehicles.

Other supply-related factors. Commodity prices and margins also vary depending on a number of factors affecting supply. For example, increased supply from the development of new oil and gas supply sources and technologies to enhance recovery from existing sources tend to reduce commodity prices to the extent such supply increases are not offset by commensurate growth in demand. Similarly, increases in industry refining or petrochemical manufacturing capacity tend to reduce margins on the affected products. World oil, gas, and petrochemical supply levels can also be affected by factors that reduce available supplies, such as adherence by member countries to OPEC production quotas and the occurrence of wars, hostile actions, natural disasters, disruptions in competitors' operations, or unexpected unavailability of distribution channels that may disrupt supplies. Technological change can also alter the relative costs for competitors to find, produce, and refine oil and gas and to manufacture petrochemicals.

Other market factors. ExxonMobil's business results are also exposed to potential negative impacts due to changes in interest rates, inflation, currency exchange rates, and other local or regional market conditions. We generally do not use financial instruments to hedge market exposures.

Government and Political Factors

ExxonMobil's results can be adversely affected by political or regulatory developments affecting our operations.

Access limitations. A number of countries limit access to their oil and gas resources, or may place resources off-limits from development altogether. Restrictions on foreign investment in the oil and gas sector tend to increase in times of high commodity prices, when national governments may have less need of outside sources of private capital. Many countries also restrict the import or export of certain products based on point of origin.

Restrictions on doing business. ExxonMobil is subject to laws and sanctions imposed by the U.S. or by other jurisdictions where we do business that may prohibit ExxonMobil or certain of its affiliates from doing business in certain countries, or restricting the kind of business that may be conducted. Such restrictions may provide a competitive advantage to competitors who may not be subject to comparable restrictions.

Lack of legal certainty. Some countries in which we do business lack well-developed legal systems, or have not yet adopted clear regulatory frameworks for oil and gas development. Lack of legal certainty exposes our operations to increased risk of adverse or unpredictable actions by government officials, and also makes it more difficult for us to enforce our contracts. In some cases these risks can be partially offset by agreements to arbitrate disputes in an international forum, but the adequacy of this remedy may still depend on the local legal system to enforce an award.

Regulatory and litigation risks. Even in countries with well-developed legal systems where ExxonMobil does business, we remain exposed to changes in law (including changes that result from international treaties and accords) that could adversely affect our results, such as:

- increases in taxes or government royalty rates (including retroactive claims);
- price controls;
- changes in environmental regulations or other laws that increase our cost of compliance or reduce or delay available business opportunities (including changes in laws related to offshore drilling operations, water use, or hydraulic fracturing);
- adoption of regulations mandating the use of alternative fuels or uncompetitive fuel components;
- adoption of government payment transparency regulations that could require us to disclose competitively sensitive commercial information, or that could cause us to violate the non-disclosure laws of other countries; and
- government actions to cancel contracts, re-denominate the official currency, renounce or default on obligations, renegotiate terms unilaterally, or expropriate assets.

Legal remedies available to compensate us for expropriation or other takings may be inadequate.

We also may be adversely affected by the outcome of litigation, especially in countries such as the United States in which very large and unpredictable punitive damage awards may occur, or by government enforcement proceedings alleging non-compliance with applicable laws or regulations.

Security concerns. Successful operation of particular facilities or projects may be disrupted by civil unrest, acts of sabotage or terrorism, and other local security concerns. Such concerns may require us to incur greater costs for security or to shut down operations for a period of time.

Climate change and greenhouse gas restrictions. Due to concern over the risk of climate change, a number of countries have adopted, or are considering the adoption of, regulatory frameworks to reduce greenhouse gas emissions. These include adoption of cap and trade regimes, carbon taxes, restrictive permitting, increased efficiency standards, and incentives or mandates for renewable energy. These requirements could make our products more expensive, lengthen project implementation times, and reduce demand for hydrocarbons, as well as shift hydrocarbon demand toward relatively lower-carbon sources such as natural gas. Current and pending greenhouse gas regulations may also increase our compliance costs, such as for monitoring or sequestering emissions.

Government sponsorship of alternative energy. Many governments are providing tax advantages and other subsidies to support alternative energy sources or are mandating the use of specific fuels or technologies. Governments are also promoting research into new technologies to reduce the cost and increase the scalability of alternative energy sources. We are conducting our own research efforts into alternative energy, such as through sponsorship of the Global Climate and Energy Project at Stanford University and research into liquid products from algae and biomass that can be further converted to transportation fuels. Our future results may depend in part on the success of our research efforts and on our ability to adapt and apply the strengths of our current business model to providing the energy products of the future in a cost-competitive manner. See “Management Effectiveness” below.

Management Effectiveness

In addition to external economic and political factors, our future business results also depend on our ability to manage successfully those factors that are at least in part within our control. The extent to which we manage these factors will impact our performance relative to competition. For projects in which we are not the operator, we depend on the management effectiveness of one or more co-venturers whom we do not control.

Exploration and development program. Our ability to maintain and grow our oil and gas production depends on the success of our exploration and development efforts. Among other factors, we must continuously improve our ability to identify the most promising resource prospects and apply our project management expertise to bring discovered resources on line as scheduled and within budget.

Project management. The success of ExxonMobil’s Upstream, Downstream, and Chemical businesses depends on complex, long-term, capital intensive projects. These projects in turn require a high degree of project management expertise to maximize efficiency. Specific factors that can affect the performance of major projects include our ability to: negotiate successfully with joint venturers, partners, governments, suppliers, customers, or others; model and optimize reservoir performance; develop markets for project outputs, whether through long-term contracts or the development of effective spot markets; manage changes in operating conditions and costs, including costs of third party equipment or services such as drilling rigs and shipping; prevent, to the extent possible, and respond effectively to unforeseen technical difficulties that could delay project startup or cause unscheduled project downtime; and influence the performance of project operators where ExxonMobil does not perform that role.

The term “project” as used in this report can refer to a variety of different activities and does not necessarily have the same meaning as in any government payment transparency reports.

Operational efficiency. An important component of ExxonMobil’s competitive performance, especially given the commodity-based nature of many of our businesses, is our ability to operate efficiently, including our ability to manage expenses and improve production yields on an ongoing basis. This requires continuous management focus, including technology improvements, cost control, productivity enhancements, regular reappraisal of our asset portfolio, and the recruitment, development, and retention of high caliber employees.

Research and development. To maintain our competitive position, especially in light of the technological nature of our businesses and the need for continuous efficiency improvement, ExxonMobil’s research and development organizations must be successful and able to adapt to a changing market and policy environment, including developing technologies to help reduce greenhouse gas emissions.

Safety, business controls, and environmental risk management. Our results depend on management’s ability to minimize the inherent risks of oil, gas, and petrochemical operations, to control effectively our business activities, and to minimize the potential for human error. We apply rigorous management systems and continuous focus to workplace safety and to avoiding spills or other adverse environmental events. For example, we work to minimize spills through a combined program of effective operations integrity management, ongoing upgrades, key equipment replacements, and comprehensive inspection and surveillance. Similarly, we are implementing cost-effective new technologies and adopting new operating practices to reduce air emissions, not only in response to government requirements but also to address community priorities. We also maintain a disciplined framework of internal controls and apply a controls management system for monitoring compliance with this framework. Substantial liabilities and other adverse impacts could result if our management systems and controls do not function as intended. The ability to insure against such risks is limited by the capacity of the applicable insurance markets, which may not be sufficient.

Business risks also include the risk of cybersecurity breaches. If our systems for protecting against cybersecurity risks prove not to be sufficient, ExxonMobil could be adversely affected such as by having its business systems compromised, its proprietary information altered, lost or stolen, or its business operations disrupted.

Preparedness. Our operations may be disrupted by severe weather events, natural disasters, human error, and similar events. For example, hurricanes may damage our offshore production facilities or coastal refining and petrochemical plants in vulnerable areas. Our facilities are designed, constructed, and operated to withstand a variety of extreme climatic and other conditions, with safety factors built in to cover a number of engineering uncertainties, including those associated with wave, wind, and current intensity, marine ice flow patterns, permafrost stability, storm surge magnitude, temperature extremes, extreme rain fall events, and earthquakes. Our consideration of changing weather conditions and inclusion of safety factors in design covers the engineering uncertainties that climate change and other events may potentially introduce. Our ability to mitigate the adverse impacts of these events depends in part upon the effectiveness of our robust facility engineering as well as our rigorous disaster preparedness and response and business continuity planning.

Projections, estimates, and descriptions of ExxonMobil’s plans and objectives included or incorporated in Items 1, 1A, 2, 7 and 7A of this report are forward-looking statements. Actual future results, including project completion dates, production rates, capital expenditures, costs, and business plans could differ materially due to, among other things, the factors discussed above and elsewhere in this report.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Information with regard to oil and gas producing activities follows:

1. Disclosure of Reserves

A. Summary of Oil and Gas Reserves at Year-End 2015

The table below summarizes the oil-equivalent proved reserves in each geographic area and by product type for consolidated subsidiaries and equity companies. Gas is converted to an oil-equivalent basis at six million cubic feet per one thousand barrels. The Corporation has reported proved reserves on the basis of the average of the first-day-of-the-month price for each month during the last 12-month period. When crude oil and natural gas prices are in the range seen in early 2016 for an extended period of time, under the Securities and Exchange Commission's (SEC) definition of proved reserves, certain quantities of oil and natural gas could temporarily not qualify as proved reserves. Under the terms of certain contractual arrangements or government royalty regimes, lower prices can also increase proved reserves attributable to ExxonMobil. Otherwise, no major discovery or other favorable or adverse event has occurred since December 31, 2015, that would cause a significant change in the estimated proved reserves as of that date.

	Crude Oil	Natural Gas Liquids	Bitumen	Synthetic Oil	Natural Gas	Oil-Equivalent Basis
	(million bbls)	*(million bbls)*	*(million bbls)*	*(million bbls)*	*(billion cubic ft)*	*(million bbls)*
Proved Reserves						
Developed						
Consolidated Subsidiaries						
United States	1,155	272	-	-	13,353	3,652
Canada/South America *(1)*	92	9	4,108	581	552	4,882
Europe	158	34	-	-	1,593	458
Africa	738	162	-	-	750	1,025
Asia	1,586	121	-	-	4,917	2,526
Australia/Oceania	73	34	-	-	1,962	434
Total Consolidated	3,802	632	4,108	581	23,127	12,977
Equity Companies						
United States	221	7	-	-	156	254
Europe	25	-	-	-	6,146	1,049
Asia	802	349	-	-	15,233	3,690
Total Equity Company	1,048	356	-	-	21,535	4,993
Total Developed	4,850	988	4,108	581	44,662	17,970
Undeveloped						
Consolidated Subsidiaries						
United States	1,223	396	-	-	6,027	2,624
Canada/South America *(1)*	168	6	452	-	575	722
Europe	26	8	-	-	363	95
Africa	225	5	-	-	43	237
Asia	1,239	-	-	-	412	1,308
Australia/Oceania	52	31	-	-	5,079	929
Total Consolidated	2,933	446	452	-	12,499	5,915
Equity Companies						
United States	33	6	-	-	64	50
Europe	-	-	-	-	1,757	293
Asia	275	52	-	-	1,228	531
Total Equity Company	308	58	-	-	3,049	874
Total Undeveloped	3,241	504	452	-	15,548	6,789
Total Proved Reserves	8,091	1,492	4,560	581	60,210	24,759

(1) South America includes proved developed reserves of 0.1 million barrels of crude oil and natural gas liquids and 23 billion cubic feet of natural gas.

In the preceding reserves information, consolidated subsidiary and equity company reserves are reported separately. However, the Corporation operates its business with the same view of equity company reserves as it has for reserves from consolidated subsidiaries.

The Corporation anticipates several projects will come online over the next few years providing additional production capacity. However, actual volumes will vary from year to year due to the timing of individual project start-ups; operational outages; reservoir performance; performance of enhanced oil recovery projects; regulatory changes; the impact of fiscal and commercial terms; asset sales; weather events; price effects on production sharing contracts; changes in the amount and timing of capital investments that may vary depending on the oil and gas price environment; and other factors described in Item 1A. Risk Factors.

The estimation of proved reserves, which is based on the requirement of reasonable certainty, is an ongoing process based on rigorous technical evaluations, commercial and market assessments and detailed analysis of well and reservoir information such as flow rates and reservoir pressure declines. Furthermore, the Corporation only records proved reserves for projects which have received significant funding commitments by management made toward the development of the reserves. Although the Corporation is reasonably certain that proved reserves will be produced, the timing and amount recovered can be affected by a number of factors including completion of development projects, reservoir performance, regulatory approvals and significant changes in projections of long-term oil and natural gas price levels. In addition, proved reserves could be affected by an extended period of low prices which could reduce the level of the Corporation's capital spending and also impact our partners' capacity to fund their share of joint projects.

When crude oil and natural gas prices are in the range seen in late 2015 and early 2016 for an extended period of time, under the SEC definition of proved reserves, certain quantities of oil and natural gas, such as oil sands operations in Canada and natural gas operations in North America could temporarily not qualify as proved reserves. Amounts that could be required to be de-booked as proved reserves on an SEC basis are subject to being re-booked as proved reserves at some point in the future when price levels recover, costs decline, or operating efficiencies occur. Under the terms of certain contractual arrangements or government royalty regimes, lower prices can also increase proved reserves attributable to ExxonMobil. We do not expect any temporary changes in reported proved reserves under SEC definitions to affect the operation of the underlying projects or to alter our outlook for future production volumes.

B. Technologies Used in Establishing Proved Reserves Additions in 2015

Additions to ExxonMobil's proved reserves in 2015 were based on estimates generated through the integration of available and appropriate geological, engineering and production data, utilizing well-established technologies that have been demonstrated in the field to yield repeatable and consistent results.

Data used in these integrated assessments included information obtained directly from the subsurface via wellbores, such as well logs, reservoir core samples, fluid samples, static and dynamic pressure information, production test data, and surveillance and performance information. The data utilized also included subsurface information obtained through indirect measurements including high-quality 3-D and 4-D seismic data, calibrated with available well control information. The tools used to interpret the data included proprietary seismic processing software, proprietary reservoir modeling and simulation software, and commercially available data analysis packages.

In some circumstances, where appropriate analog reservoirs were available, reservoir parameters from these analogs were used to increase the quality of and confidence in the reserves estimates.

C. Qualifications of Reserves Technical Oversight Group and Internal Controls over Proved Reserves

ExxonMobil has a dedicated Global Reserves group that provides technical oversight and is separate from the operating organization. Primary responsibilities of this group include oversight of the reserves estimation process for compliance with Securities and Exchange Commission (SEC) rules and regulations, review of annual changes in reserves estimates, and the reporting of ExxonMobil's proved reserves. This group also maintains the official company reserves estimates for ExxonMobil's proved reserves of crude and natural gas liquids, bitumen, synthetic oil and natural gas. In addition, the group provides training to personnel involved in the reserves estimation and reporting process within ExxonMobil and its affiliates. The Manager of the Global Reserves group has more than 30 years of experience in reservoir engineering and reserves assessment and has a degree in Engineering. He is an active member of the Society of Petroleum Engineers (SPE) and previously served on the SPE Oil and Gas Reserves Committee. The group is staffed with individuals that have an average of more than 20 years of technical experience in the petroleum industry, including expertise in the classification and categorization of reserves under the SEC guidelines. This group includes individuals who hold advanced degrees in either Engineering or Geology. Several members of the group hold professional registrations in their field of expertise, and a member currently serves on the SPE Oil and Gas Reserves Committee.

The Global Reserves group maintains a central database containing the official company reserves estimates. Appropriate controls, including limitations on database access and update capabilities, are in place to ensure data integrity within this central database. An annual review of the system's controls is performed by internal audit. Key components of the reserves estimation process include technical evaluations and analysis of well and field performance and a rigorous peer review. No changes may be made to the reserves estimates in the central database, including additions of any new initial reserves estimates or subsequent revisions, unless these changes have been thoroughly reviewed and evaluated by duly authorized personnel within the operating organization. In addition, changes to reserves estimates that exceed certain thresholds require further review and approval of the appropriate level of management within the operating organization before the changes may be made in the central database. Endorsement by the Global Reserves group for all proved reserves changes is a mandatory component of this review process. After all changes are made, reviews are held with senior management for final endorsement.

2. Proved Undeveloped Reserves

At year-end 2015, approximately 6.8 billion oil-equivalent barrels (GOEB) of ExxonMobil's proved reserves were classified as proved undeveloped. This represents 27 percent of the 24.8 GOEB reported in proved reserves. This compares to the 8.8 GOEB of proved undeveloped reserves reported at the end of 2014. During the year, ExxonMobil conducted development activities in over 100 fields that resulted in the transfer of approximately 2.7 GOEB from proved undeveloped to proved developed reserves by year-end. The largest transfers were related to Kearl Expansion project start-up and drilling activity in the United States. Mainly due to low prices during 2015, the Corporation reclassified approximately 1 GOEB of proved undeveloped reserves, primarily natural gas reserves in the United States, which no longer meet the SEC definition of proved reserves.

One of ExxonMobil's requirements for reporting proved reserves is that management has made significant funding commitments toward the development of the reserves. ExxonMobil has a disciplined investment strategy and many major fields require long lead-time in order to be developed. Development projects typically take two to four years from the time of recording proved undeveloped reserves to the start of production. However, the development time for large and complex projects can exceed five years. During 2015, extensions and purchases primarily related to United States unconventional and Abu Dhabi drilling added approximately 1.7 GOEB of proved undeveloped reserves. Overall, investments of $19.4 billion were made by the Corporation during 2015 to progress the development of reported proved undeveloped reserves, including $17 billion for oil and gas producing activities and an additional $2.4 billion for other non-oil and gas producing activities such as the construction of support infrastructure and other related facilities. These investments represented 76 percent of the $25.4 billion in total reported Upstream capital and exploration expenditures.

Proved undeveloped reserves in Australia, the United States, Kazakhstan, the Netherlands, Qatar, and Nigeria have remained undeveloped for five years or more primarily due to constraints on the capacity of infrastructure, the pace of co-venturer/government funding, as well as the time required to complete development for very large projects. The Corporation is reasonably certain that these proved reserves will be produced; however, the timing and amount recovered can be affected by a number of factors including completion of development projects, reservoir performance, regulatory approvals, and significant changes in long-term oil and natural gas price levels. Of the proved undeveloped reserves that have been reported for five or more years, 84 percent are contained in the aforementioned countries. The largest of these is related to LNG/Gas projects in Australia, where construction of the Gorgon LNG project is under way. In Kazakhstan, the proved undeveloped reserves are related to the remainder of the initial development of the offshore Kashagan field which is included in the North Caspian Production Sharing Agreement and the Tengizchevroil joint venture which includes a production license in the Tengiz - Korolev field complex. The Tengizchevroil joint venture is producing, and proved undeveloped reserves will continue to move to proved developed as approved development phases progress. In the Netherlands, the Groningen gas field has proved undeveloped reserves related to installation of future stages of compression. These reserves will move to proved developed when the additional stages of compression are installed to maintain field delivery pressure.

FUNCTIONAL EARNINGS	2015	2014	2013
	(millions of dollars, except per share amounts)		
Earnings (U.S. GAAP)			
Upstream			
United States	(1,079)	5,197	4,191
Non-U.S.	8,180	22,351	22,650
Downstream			
United States	1,901	1,618	2,199
Non-U.S.	4,656	1,427	1,250
Chemical			
United States	2,386	2,804	2,755
Non-U.S.	2,032	1,511	1,073
Corporate and financing	(1,926)	(2,388)	(1,538)
Net income attributable to ExxonMobil (U.S. GAAP)	16,150	32,520	32,580
Earnings per common share	3.85	7.60	7.37
Earnings per common share - assuming dilution	3.85	7.60	7.37

References in this discussion to total corporate earnings mean net income attributable to ExxonMobil (U.S. GAAP) from the consolidated income statement. Unless otherwise indicated, references to earnings, Upstream, Downstream, Chemical and Corporate and Financing segment earnings, and earnings per share are ExxonMobil's share after excluding amounts attributable to noncontrolling interests.

FORWARD-LOOKING STATEMENTS

Statements in this discussion regarding expectations, plans and future events or conditions are forward-looking statements. Actual future financial and operating results, including demand growth and energy source mix; capacity increases; production growth and mix; rates of field decline; financing sources; the resolution of contingencies and uncertain tax positions; environmental and capital expenditures; could differ materially depending on a number of factors, such as changes in the supply of and demand for crude oil, natural gas, and petroleum and petrochemical products and resulting price impacts; the outcome of commercial negotiations; the impact of fiscal and commercial terms; political or regulatory events, and other factors discussed herein and in Item 1A. Risk Factors.

The term "project" as used in this report can refer to a variety of different activities and does not necessarily have the same meaning as in any government payment transparency reports.

OVERVIEW

The following discussion and analysis of ExxonMobil's financial results, as well as the accompanying financial statements and related notes to consolidated financial statements to which they refer, are the responsibility of the management of Exxon Mobil Corporation. The Corporation's accounting and financial reporting fairly reflect its straightforward business model involving the extracting, manufacturing and marketing of hydrocarbons and hydrocarbon-based products. The Corporation's business model involves the production (or purchase), manufacture and sale of physical products, and all commercial activities are directly in support of the underlying physical movement of goods.

ExxonMobil, with its resource base, financial strength, disciplined investment approach and technology portfolio, is well-positioned to participate in substantial investments to develop new energy supplies. The company's integrated business model, with significant investments in Upstream, Downstream and Chemical segments, reduces the Corporation's risk from changes in commodity prices. While commodity prices are volatile on a short-term basis and depend on supply and demand, ExxonMobil's investment decisions are based on our long-term business outlook, using a disciplined approach in selecting and pursuing the most attractive investment opportunities. The corporate plan is a fundamental annual management process that is the basis for setting near-term operating and capital objectives in addition to providing the longer-term economic assumptions used for investment evaluation purposes. Volumes are based on individual field production profiles, which are also updated annually. Price ranges for crude oil, natural gas, refined products, and chemical products are based on corporate plan assumptions developed annually by major region and are utilized for investment evaluation purposes. Potential investment opportunities are evaluated over a wide range of economic scenarios to establish the resiliency of each opportunity. Once investments are made, a reappraisal process is completed to ensure relevant lessons are learned and improvements are incorporated into future projects.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

BUSINESS ENVIRONMENT AND RISK ASSESSMENT

Long-Term Business Outlook

By 2040, the world's population is projected to grow to approximately 9 billion people, or about 1.8 billion more than in 2014. Coincident with this population increase, the Corporation expects worldwide economic growth to average close to 3 percent per year. As economies and populations grow, and as living standards improve for billions of people, the need for energy will continue to rise. Even with significant efficiency gains, global energy demand is projected to rise by about 25 percent from 2014 to 2040. This demand increase is expected to be concentrated in developing countries (i.e., those that are not member nations of the Organisation for Economic Co-operation and Development).

As expanding prosperity drives global energy demand higher, increasing use of energy-efficient and lower-emission fuels, technologies and practices will continue to help significantly reduce energy consumption and emissions per unit of economic output over time. Substantial efficiency gains are likely in all key aspects of the world's economy through 2040, affecting energy requirements for transportation, power generation, industrial applications, and residential and commercial needs.

Energy for transportation - including cars, trucks, ships, trains and airplanes - is expected to increase by about 30 percent from 2014 to 2040. The growth in transportation energy demand is likely to account for approximately 60 percent of the growth in liquid fuels demand worldwide over this period. Nearly all the world's transportation fleets will continue to run on liquid fuels, which are abundant, widely available, easy to transport, and provide a large quantity of energy in small volumes.

Demand for electricity around the world is likely to increase approximately 65 percent from 2014 to 2040, led by growth in developing countries. Consistent with this projection, power generation is expected to remain the largest and fastest-growing major segment of global energy demand. Meeting the expected growth in power demand will require a diverse set of energy sources. Today, coal-fired generation provides about 40 percent of the world's electricity, but by 2040 its share is likely to decline to about 30 percent, in part as a result of policies to improve air quality and reduce greenhouse gas emissions and the risks of climate change. From 2014 to 2040, the amount of electricity generated using natural gas, nuclear power, and renewables are all likely to double. By 2040, coal, natural gas and renewables are projected to be generating approximately the same share of electricity worldwide, although significant differences will exist across regions reflecting a wide range of factors including the cost and availability of energy types.

Liquid fuels provide the largest share of global energy supplies today due to their broad-based availability, affordability and ease of transportation, distribution and storage to meet consumer needs. By 2040, global demand for liquid fuels is projected to grow to approximately 112 million barrels of oil-equivalent per day, an increase of about 20 percent from 2014. Globally, crude production from traditional conventional sources will likely decrease slightly through 2040, with significant development activity mostly offsetting natural declines from these fields. However, this decrease is expected to be more than offset by rising production from a variety of emerging supply sources - including tight oil, deepwater, oil sands, natural gas liquids and biofuels. The world's resource base is sufficient to meet projected demand through 2040 as technology advances continue to expand the availability of economic supply options. However, access to resources and timely investments will remain critical to meeting global needs with reliable, affordable supplies.

Natural gas is a versatile fuel, suitable for a wide variety of applications, and it is expected to be the fastest-growing major fuel source from 2014 to 2040, meeting about 40 percent of global energy demand growth. Global natural gas demand is expected to rise about 50 percent from 2014 to 2040, with about 45 percent of that increase in the Asia Pacific region. Helping meet these needs will be significant growth in supplies of unconventional gas - the natural gas found in shale and other rock formations that was once considered uneconomic to produce. In total, about 60 percent of the growth in natural gas supplies is expected to be from unconventional sources. However, we expect conventionally-produced natural gas to remain the cornerstone of supply, meeting about two-thirds of global demand in 2040. The worldwide liquefied natural gas (LNG) market is expected to almost triple by 2040, with much of this supply expected to meet rising demand in Asia Pacific.

The world's energy mix is highly diverse and will remain so through 2040. Oil is expected to remain the largest source of energy with its share remaining close to one-third in 2040. Coal is currently the second largest source of energy, but it is likely to lose that position to natural gas in the 2025-2030 timeframe. The share of natural gas is expected to exceed 25 percent by 2040, while the share of coal falls to about 20 percent. Nuclear power is projected to grow significantly, as many nations are likely to expand nuclear capacity to address rising electricity needs as well as energy security and environmental issues. Total renewable energy is likely to reach about 15 percent of total energy by 2040, with biomass, hydro and geothermal contributing a combined share of more than 10 percent. Total energy supplied from wind, solar and biofuels is expected to increase rapidly, growing close to 250 percent from 2014 to 2040, when they will be approaching 4 percent of world energy.

The Corporation anticipates that the world's available oil and gas resource base will grow not only from new discoveries, but also from reserve increases in previously discovered fields. Technology will underpin these increases. The cost to develop and supply these resources will be significant. According to the International Energy Agency, the investment required to meet oil and natural

gas supply requirements worldwide over the period 2015-2040 will be about $25 trillion (measured in 2014 dollars) or approximately $1 trillion per year on average.

International accords and underlying regional and national regulations covering greenhouse gas emissions continue to evolve with uncertain timing and outcome, making it difficult to predict their business impact. For many years, the Corporation has taken into account policies established to reduce energy-related greenhouse gas emissions in its long-term *Outlook for Energy*, which is used as a foundation for assessing the business environment and business strategies and investments. The climate accord reached at the recent Conference of the Parties (COP 21) in Paris set many new goals, and while many related policies are still emerging, the *Outlook for Energy* continues to anticipate that such policies will increase the cost of carbon dioxide emissions over time. For purposes of the *Outlook for Energy*, we continue to assume that governments will enact policies that impose rising costs on energy-related CO_2 emissions, which we assume will reach an implied cost in OECD nations of about $80 per tonne in 2040. China and other leading non-OECD nations are expected to trail OECD policy initiatives. Nevertheless, as people and nations look for ways to reduce risks of global climate change, they will continue to need practical solutions that do not jeopardize the affordability or reliability of the energy they need. Thus, all practical and economically viable energy sources, both conventional and unconventional, will be needed to continue meeting global energy needs - because of the scale of worldwide energy demand.

The information provided in the Long-Term Business Outlook includes ExxonMobil's internal estimates and forecasts based upon internal data and analyses as well as publicly available information from external sources including the International Energy Agency.

Upstream

ExxonMobil continues to maintain a diverse portfolio of exploration and development opportunities, which enables the Corporation to be selective, maximizing shareholder value and mitigating political and technical risks. ExxonMobil's fundamental Upstream business strategies guide our global exploration, development, production, and gas and power marketing activities. These strategies include capturing material and accretive opportunities to continually high-grade the resource portfolio, exercising a disciplined approach to investing and cost management, developing and applying high-impact technologies, pursuing productivity and efficiency gains, growing profitable oil and gas production, and capitalizing on growing natural gas and power markets. These strategies are underpinned by a relentless focus on operational excellence, commitment to innovative technologies, development of our employees, and investment in the communities within which we operate.

As future development projects and drilling activities bring new production online, the Corporation expects a shift in the geographic mix and in the type of opportunities from which volumes are produced. Oil equivalent production from North America is expected to increase over the next several years based on current capital activity plans, contributing over a third of total production. Further, the proportion of our global production from resource types utilizing specialized technologies such as arctic, deepwater, and unconventional drilling and production systems, as well as LNG, is also expected to grow, becoming a slight majority of production in the next few years. We do not anticipate that the expected change in the geographic mix of production volumes, and in the types of opportunities from which volumes will be produced, will have a material impact on the nature and the extent of the risks disclosed in Item 1A. Risk Factors, or result in a material change in our level of unit operating expenses.

The Corporation anticipates several projects will come online over the next few years providing additional production capacity. However, actual volumes will vary from year to year due to the timing of individual project start-ups; operational outages; reservoir performance; performance of enhanced oil recovery projects; regulatory changes; the impact of fiscal and commercial terms; asset sales; weather events; price effects on production sharing contracts; changes in the amount and timing of capital investments that may vary depending on the oil and gas price environment; and other factors described in Item 1A. Risk Factors.

The upstream industry environment has been challenged throughout 2015 with abundant crude oil supply causing crude oil prices to decrease to levels not seen since 2004, while natural gas prices remained depressed. However, current market conditions are not necessarily indicative of future conditions. The markets for crude oil and natural gas have a history of significant price volatility. ExxonMobil believes prices over the long term will continue to be driven by market supply and demand, with the demand side largely being a function of global economic growth. On the supply side, prices may be significantly impacted by political events, the actions of OPEC and other large government resource owners, and other factors. To manage the risks associated with price, ExxonMobil evaluates annual plans and all investments across a wide range of price scenarios. The Corporation's assessment is that its operations will exhibit strong performance over the long term. This is the outcome of disciplined investment, cost management, asset enhancement programs, and application of advanced technologies.

Downstream

ExxonMobil's Downstream is a large, diversified business with refining, logistics, and marketing complexes around the world. The Corporation has a presence in mature markets in North America and Europe, as well as in the growing Asia Pacific region.

ExxonMobil's fundamental Downstream business strategies competitively position the company across a range of market conditions. These strategies include targeting best-in-class operations in all aspects of the business, maximizing value from advanced technologies, capitalizing on integration across ExxonMobil businesses, selectively investing for resilient, advantaged returns, operating efficiently and effectively, and providing quality, valued and differentiated products and services to customers.

ExxonMobil's operating results, as noted in Item 2. Properties, reflect 23 refineries, located in 14 countries, with distillation capacity of 5 million barrels per day and lubricant basestock manufacturing capacity of 136 thousand barrels per day. ExxonMobil's fuels and lubes marketing businesses have significant global reach, with multiple channels to market serving a diverse customer base. Our portfolio of world-renowned brands includes *Exxon*, *Mobil*, *Esso* and *Mobil 1*.

The downstream industry environment improved in 2015. Growth in global demand, stimulated by lower prices for crude oil and transportation fuels, resulted in higher refinery utilization and margins, particularly in Europe and Asia Pacific. Refineries in North America continue to benefit from lower raw material and energy costs due to the abundant supply of crude oil and natural gas. In the near term, we see variability in refining margins, with some regions seeing weaker margins as new capacity additions are expected to outpace growth in global demand for our products, which can also be affected by global economic conditions and regulatory changes.

Refining margins are largely driven by differences in commodity prices and are a function of the difference between what a refinery pays for its raw materials (primarily crude oil) and the market prices for the range of products produced (primarily gasoline, heating oil, diesel oil, jet fuel and fuel oil). Crude oil and many products are widely traded with published prices, including those quoted on multiple exchanges around the world (e.g., New York Mercantile Exchange and Intercontinental Exchange). Prices for these commodities are determined by the global marketplace and are influenced by many factors, including global and regional supply/demand balances, inventory levels, industry refinery operations, import/export balances, currency fluctuations, seasonal demand, weather and political climate.

ExxonMobil's long-term outlook is that industry refining margins will remain subject to intense competition as new capacity additions outpace the growth in global demand. ExxonMobil's integration across the value chain, from refining to marketing, enhances overall value in both fuels and lubricants businesses.

As described in more detail in Item 1A. Risk Factors, proposed carbon policy and other climate-related regulations in many countries, as well as the continued growth in biofuels mandates, could have negative impacts on the Downstream business

In the retail fuels marketing business, competition has caused inflation-adjusted margins to decline. In 2015, ExxonMobil expanded its branded retail site network and progressed the multi-year transition of the direct served (i.e., dealer, company-operated) retail network in portions of Europe to a more capital-efficient Branded Wholesaler model. The company's lubricants business continues to grow, leveraging world-class brands and integration with industry-leading basestock refining capability. ExxonMobil remains a market leader in the high-value synthetic lubricants sector, despite increasing competition.

The Downstream portfolio is continually evaluated during all parts of the business cycle, and numerous asset divestments have been made over the past decade. In 2015, the company divested its 50 percent share of Chalmette Refining, LLC, and reached an agreement for the sale of the refinery in Torrance, California, with change-in-control expected by mid-2016. When investing in the Downstream, ExxonMobil remains focused on selective and resilient projects. In 2015, construction continued on a new delayed coker unit at the refinery in Antwerp, Belgium, to upgrade low-value bunker fuel into higher value diesel products. Funding was approved for the construction of a proprietary hydrocracker at the refinery in Rotterdam, Netherlands, to produce higher value ultra-low sulfur diesel and Group II basestocks. The company completed an expansion of lubricant basestock capacity at the refinery in Baytown, Texas. Finished lubricant plant expansions in China and Finland were completed, and an expansion in Singapore is underway to support demand growth for finished lubricants and greases in key markets.

Chemical

Worldwide petrochemical demand continued to improve in 2015, led by growing demand from Asia Pacific manufacturers of industrial and consumer products. North America continued to benefit from abundant supplies of natural gas and gas liquids, providing both low-cost feedstock and energy. Specialty product margins improved in 2015, but continued to be impacted by new industry capacity.

ExxonMobil sustained its competitive advantage through continued operational excellence, investment and cost discipline, a balanced portfolio of products, integration with refining and upstream operations, all underpinned by proprietary technology.

In 2015, we neared completion of the specialty elastomers project at our joint venture facility in Al-Jubail, Saudi Arabia. Construction continued on a major expansion at our Texas facilities, including a new world-scale ethane cracker and polyethylene lines, to capitalize on low-cost feedstock and energy supplies in North America and to meet rapidly growing demand for premium polymers. Construction of new halobutyl rubber and hydrocarbon resin units also progressed in Singapore to further extend our specialty product capacity in Asia Pacific.

REVIEW OF 2015 AND 2014 RESULTS

	2015	2014	2013
		(millions of dollars)	
Earnings (U.S. GAAP)			
Net income attributable to ExxonMobil (U.S. GAAP)	16,150	32,520	32,580

Upstream

	2015	2014	2013
		(millions of dollars)	
Upstream			
United States	(1,079)	5,197	4,191
Non-U.S.	8,180	22,351	22,650
Total	7,101	27,548	26,841

2015

Upstream earnings were $7,101 million, down $20,447 million from 2014. Lower realizations decreased earnings by $18.8 billion. Favorable volume and mix effects increased earnings by $810 million, including contributions from new developments. All other items decreased earnings by $2.4 billion, primarily due to lower asset management gains and approximately $500 million of lower favorable one-time tax effects, partly offset by lower expenses of about $230 million. On an oil-equivalent basis, production of 4.1 million barrels per day was up 3.2 percent compared to 2014. Liquids production of 2.3 million barrels per day increased 234,000 barrels per day, with project ramp-up and entitlement effects partly offset by field decline. Natural gas production of 10.5 billion cubic feet per day decreased 630 million cubic feet per day from 2014 as regulatory restrictions in the Netherlands and field decline were partly offset by project ramp-up, work programs and entitlement effects. U.S. Upstream earnings declined $6,276 million from 2014 to a loss of $1,079 million in 2015. Earnings outside the U.S. were $8,180 million, down $14,171 million from the prior year.

2014

Upstream earnings were $27,548 million, up $707 million from 2013. Lower prices decreased earnings by $2 billion. Favorable volume effects increased earnings by $510 million. All other items, primarily asset sales and favorable U.S. deferred income tax items, increased earnings by $2.2 billion. On an oil-equivalent basis, production of 4 million barrels per day was down 4.9 percent compared to 2013. Excluding the impact of the expiry of the Abu Dhabi onshore concession, production decreased 1.7 percent. Liquids production of 2.1 million barrels per day decreased 91,000 barrels per day compared to 2013. The Abu Dhabi onshore concession expiry reduced volumes by 135,000 barrels per day. Excluding this impact, liquids production was up 2 percent, driven by project ramp-up and work programs. Natural gas production of 11.1 billion cubic feet per day decreased 691 million cubic feet per day from 2013, as expected U.S. field decline and lower European demand were partially offset by project ramp-up and work programs. Earnings from U.S. Upstream operations were $5,197 million, up $1,006 million from 2013. Earnings outside the U.S. were $22,351 million, down $299 million from the prior year.

Upstream Additional Information

	2015	2014
	(thousands of barrels daily)	
Volumes Reconciliation (Oil-equivalent production)*(1)*		
Prior year	3,969	4,175
Entitlements - Net Interest	(14)	(4)
Entitlements - Price / Spend / Other	168	(43)
Quotas	-	-
Divestments	(25)	(31)
United Arab Emirates Onshore Concession Expiry	(6)	(135)
Growth / Other	5	7
Current Year	4,097	3,969

(1) Gas converted to oil-equivalent at 6 million cubic feet = 1 thousand barrels.

Listed below are descriptions of ExxonMobil's volumes reconciliation factors which are provided to facilitate understanding of the terms.

Entitlements - Net Interest are changes to ExxonMobil's share of production volumes caused by non-operational changes to volume-determining factors. These factors consist of net interest changes specified in Production Sharing Contracts (PSCs) which typically occur when cumulative investment returns or production volumes achieve defined thresholds, changes in equity upon achieving pay-out in partner investment carry situations, equity redeterminations as specified in venture agreements, or as a result of the termination or expiry of a concession. Once a net interest change has occurred, it typically will not be reversed by subsequent events, such as lower crude oil prices.

Entitlements - Price, Spend and Other are changes to ExxonMobil's share of production volumes resulting from temporary changes to non-operational volume-determining factors. These factors include changes in oil and gas prices or spending levels from one period to another. According to the terms of contractual arrangements or government royalty regimes, price or spending variability can increase or decrease royalty burdens and/or volumes attributable to ExxonMobil. For example, at higher prices, fewer barrels are required for ExxonMobil to recover its costs. These effects generally vary from period to period with field spending patterns or market prices for oil and natural gas. Such factors can also include other temporary changes in net interest as dictated by specific provisions in production agreements.

Quotas are changes in ExxonMobil's allowable production arising from production constraints imposed by countries which are members of the Organization of the Petroleum Exporting Countries (OPEC). Volumes reported in this category would have been readily producible in the absence of the quota.

Divestments are reductions in ExxonMobil's production arising from commercial arrangements to fully or partially reduce equity in a field or asset in exchange for financial or other economic consideration.

Growth and Other factors comprise all other operational and non-operational factors not covered by the above definitions that may affect volumes attributable to ExxonMobil. Such factors include, but are not limited to, production enhancements from project and work program activities, acquisitions including additions from asset exchanges, downtime, market demand, natural field decline, and any fiscal or commercial terms that do not affect entitlements.

Downstream

	2015	2014	2013
		(millions of dollars)	
Downstream			
United States	1,901	1,618	2,199
Non-U.S.	4,656	1,427	1,250
Total	6,557	3,045	3,449

2015

Downstream earnings of $6,557 million increased $3,512 million from 2014. Stronger margins increased earnings by $4.1 billion, while volume and mix effects decreased earnings by $200 million. All other items decreased earnings by $420 million, reflecting nearly $560 million in higher maintenance expense and about $280 million in unfavorable inventory impacts, partly offset by favorable foreign exchange effects. Petroleum product sales of 5.8 million barrels per day were 121,000 barrels per day lower than 2014. U.S. Downstream earnings were $1,901 million, an increase of $283 million from 2014. Non-U.S. Downstream earnings were $4,656 million, up $3,229 million from the prior year.

2014

Downstream earnings of $3,045 million decreased $404 million from 2013. Lower margins decreased earnings by $230 million. Volume and mix effects increased earnings by $480 million. All other items, primarily unfavorable foreign exchange and tax impacts, partially offset by lower expenses, decreased earnings by $650 million. Petroleum product sales of 5.9 million barrels per day were in line with 2013. U.S. Downstream earnings were $1,618 million, a decrease of $581 million from 2013. Non-U.S. Downstream earnings were $1,427 million, up $177 million from the prior year.

Chemical

	2015	2014	2013
		(millions of dollars)	
Chemical			
United States	2,386	2,804	2,755
Non-U.S.	2,032	1,511	1,073
Total	4,418	4,315	3,828

2015

Chemical earnings of $4,418 million increased $103 million from 2014. Stronger margins increased earnings by $590 million. Favorable volume and mix effects increased earnings by $220 million. All other items decreased earnings by $710 million, reflecting about $680 million in unfavorable foreign exchange effects and $220 million in negative tax and inventory impacts, partly offset by asset management gains. Prime product sales of 24.7 million metric tons were up 478,000 metric tons from 2014. U.S. Chemical earnings were $2,386 million, down $418 million from 2014. Non-U.S. Chemical earnings were $2,032 million, $521 million higher than the prior year.

2014

Chemical earnings of $4,315 million increased $487 million from 2013. Higher commodity-driven margins increased earnings by $520 million, while volume and mix effects increased earnings by $100 million. All other items, primarily higher planned expenses, decreased earnings by $130 million. Prime product sales of 24.2 million metric tons were up 172,000 metric tons from 2013, driven by increased Singapore production. U.S. Chemical earnings were $2,804 million, up $49 million from 2013. Non-U.S. Chemical earnings were $1,511 million, $438 million higher than the prior year.

Corporate and Financing

	2015	2014	2013
		(millions of dollars)	
Corporate and financing	(1,926)	(2,388)	(1,538)

2015

Corporate and financing expenses were $1,926 million in 2015 compared to $2,388 million in 2014, with the decrease due mainly to net favorable tax-related items.

2014

Corporate and financing expenses were $2,388 million in 2014, up $850 million from 2013 due primarily to tax-related items.

LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Cash

	2015	2014	2013
		(millions of dollars)	
Net cash provided by/(used in)			
Operating activities	30,344	45,116	44,914
Investing activities	(23,824)	(26,975)	(34,201)
Financing activities	(7,037)	(17,888)	(15,476)
Effect of exchange rate changes	(394)	(281)	(175)
Increase/(decrease) in cash and cash equivalents	(911)	(28)	(4,938)
		(December 31)	
Cash and cash equivalents	3,705	4,616	4,644
Cash and cash equivalents - restricted	-	42	269
Total cash and cash equivalents	3,705	4,658	4,913

Total cash and cash equivalents were $3.7 billion at the end of 2015, $1.0 billion lower than the prior year. The major sources of funds in 2015 were net income including noncontrolling interests of $16.6 billion, the adjustment for the noncash provision of $18.0 billion for depreciation and depletion, and a net debt increase of $9.3 billion. The major uses of funds included spending for additions to property, plant and equipment of $26.5 billion, the purchase of shares of ExxonMobil stock of $4.0 billion, dividends to shareholders of $12.1 billion and a change in working capital, excluding cash and debt, of $3.1 billion.

Total cash and cash equivalents were $4.7 billion at the end of 2014, $0.3 billion lower than the prior year. The major sources of funds in 2014 were net income including noncontrolling interests of $33.6 billion, the adjustment for the noncash provision of $17.3 billion for depreciation and depletion, a net debt increase of $7.0 billion and collection of advances of $3.3 billion. The major uses of funds included spending for additions to property, plant and equipment of $33.0 billion, the purchase of shares of ExxonMobil stock of $13.2 billion, dividends to shareholders of $11.6 billion and a change in working capital, excluding cash and debt, of $4.9 billion. Included in total cash and cash equivalents at year-end 2014 was $42 million of restricted cash. For additional details, see the Consolidated Statement of Cash Flows.

The Corporation has access to significant capacity of long-term and short-term liquidity. Internally generated funds are expected to cover the majority of financial requirements, supplemented by long-term and short-term debt. On December 31, 2015, the Corporation had unused committed short-term lines of credit of $6.0 billion and unused committed long-term lines of credit of $0.4 billion. Cash that may be temporarily available as surplus to the Corporation's immediate needs is carefully managed through counterparty quality and investment guidelines to ensure it is secure and readily available to meet the Corporation's cash requirements and to optimize returns.

To support cash flows in future periods the Corporation will need to continually find and develop new fields, and continue to develop and apply new technologies and recovery processes to existing fields, in order to maintain or increase production. After a period of production at plateau rates, it is the nature of oil and gas fields eventually to produce at declining rates for the remainder of their economic life. Averaged over all the Corporation's existing oil and gas fields and without new projects, ExxonMobil's production is expected to decline at an average of approximately 3 percent per year over the next few years. Decline rates can vary widely by individual field due to a number of factors, including, but not limited to, the type of reservoir, fluid properties, recovery mechanisms, work activity, and age of the field. Furthermore, the Corporation's net interest in production for individual fields can vary with price and the impact of fiscal and commercial terms.

The Corporation has long been successful at offsetting the effects of natural field decline through disciplined investments in quality opportunities and project execution. On average over the last decade, this has resulted in net annual additions to proved reserves that have exceeded the amount produced. The Corporation anticipates several projects will come online over the next few years providing additional production capacity. However, actual volumes will vary from year to year due to the timing of individual project start-ups; operational outages; reservoir performance; performance of enhanced oil recovery projects; regulatory changes; the impact of fiscal and commercial terms; asset sales; weather events; price effects on production sharing contracts; and changes in the amount and timing of investments that may vary depending on the oil and gas price environment. The Corporation's cash flows are also highly dependent on crude oil and natural gas prices. Please refer to Item 1A. Risk Factors for a more complete discussion of risks.

The Corporation's financial strength enables it to make large, long-term capital expenditures. Capital and exploration expenditures in 2015 were $31.1 billion, reflecting the Corporation's continued active investment program. The Corporation anticipates an investment level of $23.2 billion in 2016. The Corporation is emerging from several years of high capital expenditure levels that supported major long-plateau production projects coming on line. Lower levels of capital spending over the next few years, partly due to cost savings and capital efficiencies, are not expected to delay major project schedules nor have a material effect on our volume capacity outlook.

Actual spending could vary depending on the progress of individual projects and property acquisitions. The Corporation has a large and diverse portfolio of development projects and exploration opportunities, which helps mitigate the overall political and technical risks of the Corporation's Upstream segment and associated cash flow. Further, due to its financial strength, debt capacity and diverse portfolio of opportunities, the risk associated with failure or delay of any single project would not have a significant impact on the Corporation's liquidity or ability to generate sufficient cash flows for operations and its fixed commitments.

Cash Flow from Operating Activities

2015

Cash provided by operating activities totaled $30.3 billion in 2015, $14.8 billion lower than 2014. The major source of funds was net income including noncontrolling interests of $16.6 billion, a decrease of $17.1 billion. The noncash provision for depreciation and depletion was $18.0 billion, up $0.8 billion from the prior year. The adjustment for net gains on asset sales was $0.2 billion compared to an adjustment of $3.2 billion in 2014. Changes in operational working capital, excluding cash and debt, decreased cash in 2015 by $3.1 billion.

2014

Cash provided by operating activities totaled $45.1 billion in 2014, $0.2 billion higher than 2013. The major source of funds was net income including noncontrolling interests of $33.6 billion, an increase of $0.2 billion. The noncash provision for depreciation and depletion was $17.3 billion, up $0.1 billion from the prior year. The adjustment for net gains on asset sales was $3.2 billion compared to an adjustment of $1.8 billion in 2013. Changes in operational working capital, excluding cash and debt, decreased cash in 2014 by $4.9 billion.

Cash Flow from Investing Activities

2015

Cash used in investment activities netted to $23.8 billion in 2015, $3.2 billion lower than 2014. Spending for property, plant and equipment of $26.5 billion decreased $6.5 billion from 2014. Proceeds associated with sales of subsidiaries, property, plant and equipment, and sales and returns of investments of $2.4 billion compared to $4.0 billion in 2014. Additional investments and advances were $1.0 billion lower in 2015, while collection of advances was $2.5 billion lower in 2015.

2014

Cash used in investment activities netted to $27.0 billion in 2014, $7.2 billion lower than 2013. Spending for property, plant and equipment of $33.0 billion decreased $0.7 billion from 2013. Proceeds associated with sales of subsidiaries, property, plant and equipment, and sales and returns of investments of $4.0 billion compared to $2.7 billion in 2013. Additional investments and advances were $2.8 billion lower in 2014, while collection of advances was $2.2 billion higher in 2014.

Cash Flow from Financing Activities

2015

Cash used in financing activities was $7.0 billion in 2015, $10.9 billion lower than 2014. Dividend payments on common shares increased to $2.88 per share from $2.70 per share and totaled $12.1 billion, a pay-out of 75 percent of net income. During the first quarter of 2015, the Corporation issued $8.0 billion of long-term debt. Total debt increased $9.6 billion to $38.7 billion at year-end.

ExxonMobil share of equity decreased $3.6 billion to $170.8 billion. The addition to equity for earnings was $16.2 billion. This was offset by reductions for distributions to ExxonMobil shareholders of $15.1 billion, composed of $12.1 billion in dividends and $3.0 billion of share purchases of ExxonMobil stock to reduce shares outstanding. Foreign exchange translation effects of $8.2 billion for the stronger U.S. currency reduced equity, while a $3.6 billion change in the funded status of the postretirement benefits reserves increased equity.

During 2015, Exxon Mobil Corporation purchased 48 million shares of its common stock for the treasury at a gross cost of $4.0 billion. These purchases were to reduce the number of shares outstanding and to offset shares issued in conjunction with company benefit plans and programs. Shares outstanding were reduced by 1.1 percent from 4,201 million to 4,156 million at the end of 2015. Purchases were made in both the open market and through negotiated transactions. Purchases may be increased, decreased or discontinued at any time without prior notice.

2014

Cash used in financing activities was $17.9 billion in 2014, $2.4 billion higher than 2013. Dividend payments on common shares increased to $2.70 per share from $2.46 per share and totaled $11.6 billion, a pay-out of 36 percent of net income. During the first quarter of 2014, the Corporation issued $5.5 billion of long-term debt. Total debt increased $6.4 billion to $29.1 billion at year-end.

ExxonMobil share of equity increased $0.4 billion to $174.4 billion. The addition to equity for earnings was $32.5 billion. This was offset by reductions for distributions to ExxonMobil shareholders of $23.6 billion, composed of $11.6 billion in dividends and $12.0 billion of share purchases of ExxonMobil stock to reduce shares outstanding. Foreign exchange translation effects of $5.1 billion for the stronger U.S. currency and a $3.1 billion change in the funded status of the postretirement benefits reserves also reduced equity.

During 2014, Exxon Mobil Corporation purchased 136 million shares of its common stock for the treasury at a gross cost of $13.2 billion. These purchases were to reduce the number of shares outstanding and to offset shares issued in conjunction with company benefit plans and programs. Shares outstanding were reduced by 3.1 percent from 4,335 million to 4,201 million at the end of 2014. Purchases were made in both the open market and through negotiated transactions.

Commitments

Set forth below is information about the outstanding commitments of the Corporation's consolidated subsidiaries at December 31, 2015. The table combines data from the Consolidated Balance Sheet and from individual notes to the Consolidated Financial Statements.

Commitments	Note Reference Number	Payments Due by Period 2016	2017-2020	2021 and Beyond	Total
			(millions of dollars)		
Long-term debt *(1)*	14	-	9,902	10,023	19,925
- Due in one year *(2)*	6	558	-	-	558
Asset retirement obligations *(3)*	9	871	3,760	9,073	13,704
Pension and other postretirement obligations *(4)*	17	3,495	4,104	15,567	23,166
Operating leases *(5)*	11	1,653	2,167	1,057	4,877
Unconditional purchase obligations *(6)*	16	133	493	310	936
Take-or-pay obligations *(7)*		2,997	9,463	12,410	24,870
Firm capital commitments *(8)*		10,320	4,438	441	15,199

This table excludes commodity purchase obligations (volumetric commitments but no fixed or minimum price) which are resold shortly after purchase, either in an active, highly liquid market or under long-term, unconditional sales contracts with similar pricing terms. Examples include long-term, noncancelable LNG and natural gas purchase commitments and commitments to purchase refinery products at market prices. Inclusion of such commitments would not be meaningful in assessing liquidity and cash flow, because these purchases will be offset in the same periods by cash received from the related sales transactions. The table also excludes unrecognized tax benefits totaling $9.4 billion as of December 31, 2015, because the Corporation is unable to make reasonably reliable estimates of the timing of cash settlements with the respective taxing authorities. Further details on the unrecognized tax benefits can be found in "Note 19: Income, Sales-Based and Other Taxes."

Notes:

(1) Includes capitalized lease obligations of $1,238 million.

(2) The amount due in one year is included in notes and loans payable of $18,762 million.

(3) The fair value of asset retirement obligations, primarily upstream asset removal costs at the completion of field life.

(4) The amount by which the benefit obligations exceeded the fair value of fund assets for certain U.S. and non-U.S. pension and other postretirement plans at year end. The payments by period include expected contributions to funded pension plans in 2016 and estimated benefit payments for unfunded plans in all years.

(5) Minimum commitments for operating leases, shown on an undiscounted basis, cover drilling equipment, tankers, service stations and other properties. Total includes $1,621 million related to drilling rigs and related equipment.

(6) Unconditional purchase obligations (UPOs) are those long-term commitments that are noncancelable or cancelable only under certain conditions, and that third parties have used to secure financing for the facilities that will provide the contracted goods or services. The undiscounted obligations of $936 million mainly pertain to pipeline throughput agreements and include $411 million of obligations to equity companies.

(7) Take-or-pay obligations are noncancelable, long-term commitments for goods and services other than UPOs. The undiscounted obligations of $24,870 million mainly pertain to pipeline, manufacturing supply and terminal agreements.

(8) Firm commitments related to capital projects, shown on an undiscounted basis, totaled approximately $15.2 billion. These commitments were primarily associated with Upstream projects outside the U.S., of which $8.0 billion was associated with projects in Africa, United Arab Emirates, Canada, Malaysia, Kazakhstan and Australia. The Corporation expects to fund the majority of these projects with internally generated funds, supplemented by long-term and short-term debt.

Guarantees

The Corporation and certain of its consolidated subsidiaries were contingently liable at December 31, 2015, for guarantees relating to notes, loans and performance under contracts (Note 16). Where guarantees for environmental remediation and other similar matters do not include a stated cap, the amounts reflect management's estimate of the maximum potential exposure. These guarantees are not reasonably likely to have a material effect on the Corporation's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Financial Strength

On December 31, 2015, the Corporation's unused short-term committed lines of credit totaled approximately $6.0 billion (Note 6) and unused long-term committed lines of credit totaled approximately $0.4 billion (Note 14). The table below shows the Corporation's fixed-charge coverage and consolidated debt-to-capital ratios. The data demonstrate the Corporation's creditworthiness.

	2015	2014	2013
Fixed-charge coverage ratio (times)	17.6	46.9	55.7
Debt to capital (percent)	18.0	13.9	11.2
Net debt to capital (percent)	16.5	11.9	9.1

Management views the Corporation's financial strength, as evidenced by the above financial ratios and other similar measures, to be a competitive advantage of strategic importance. The Corporation's sound financial position gives it the opportunity to access the world's capital markets in the full range of market conditions, and enables the Corporation to take on large, long-term capital commitments in the pursuit of maximizing shareholder value.

Litigation and Other Contingencies

As discussed in Note 16, a variety of claims have been made against ExxonMobil and certain of its consolidated subsidiaries in a number of pending lawsuits. Based on a consideration of all relevant facts and circumstances, the Corporation does not believe the ultimate outcome of any currently pending lawsuit against ExxonMobil will have a material adverse effect upon the Corporation's operations, financial condition, or financial statements taken as a whole. There are no events or uncertainties beyond those already included in reported financial information that would indicate a material change in future operating results or financial condition. Refer to Note 16 for additional information on legal proceedings and other contingencies.

CAPITAL AND EXPLORATION EXPENDITURES

	2015			2014		
	U.S.	Non-U.S.	Total	U.S.	Non-U.S.	Total
	(millions of dollars)					
Upstream *(1)*	7,822	17,585	25,407	9,401	23,326	32,727
Downstream	1,039	1,574	2,613	1,310	1,724	3,034
Chemical	1,945	898	2,843	1,690	1,051	2,741
Other	188	-	188	35	-	35
Total	10,994	20,057	31,051	12,436	26,101	38,537

(1) Exploration expenses included.

Capital and exploration expenditures in 2015 were $31.1 billion, as the Corporation continued to pursue opportunities to find and produce new supplies of oil and natural gas to meet global demand for energy. The Corporation anticipates an investment level of $23.2 billion in 2016. Actual spending could vary depending on the progress of individual projects and property acquisitions.

Upstream spending of $25.4 billion in 2015 was down 22 percent from 2014, reflecting key project start-ups and capital efficiencies. Investments in 2015 included projects in the U.S. Gulf of Mexico and Alaska, U.S. onshore drilling and continued progress on world-class projects in Canada and Australia. The majority of expenditures are on development projects, which typically take two to four years from the time of recording proved undeveloped reserves to the start of production. The percentage of proved developed reserves was 73 percent of total proved reserves at year-end 2015, and has been over 60 percent for the last ten years.

Capital investments in the Downstream totaled $2.6 billion in 2015, a decrease of $0.4 billion from 2014, mainly reflecting lower refining project spending. The Chemical capital expenditures of $2.8 billion increased $0.1 billion from 2014 with higher investments in the U.S.

TAXES

	2015	2014	2013
	(millions of dollars)		
Income taxes	5,415	18,015	24,263
Effective income tax rate	*34%*	*41%*	*48%*
Sales-based taxes	22,678	29,342	30,589
All other taxes and duties	29,790	35,515	36,396
Total	57,883	82,872	91,248

2015

Income, sales-based and all other taxes and duties totaled $57.9 billion in 2015, a decrease of $25.0 billion or 30 percent from 2014. Income tax expense, both current and deferred, was $5.4 billion, $12.6 billion lower than 2014, as a result of lower earnings and a lower effective tax rate. The effective tax rate was 34 percent compared to 41 percent in the prior year due primarily to a lower share of earnings in higher tax jurisdictions. Sales-based and all other taxes and duties of $52.5 billion in 2015 decreased $12.4 billion as a result of lower sales realizations.

2014

Income, sales-based and all other taxes and duties totaled $82.9 billion in 2014, a decrease of $8.4 billion or 9 percent from 2013. Income tax expense, both current and deferred, was $18.0 billion, $6.2 billion lower than 2013, as a result of a lower effective tax rate. The effective tax rate was 41 percent compared to 48 percent in the prior year due primarily to impacts related to the Corporation's asset management program and favorable U.S. deferred tax items. Sales-based and all other taxes and duties of $64.9 billion in 2014 decreased $2.1 billion.

ENVIRONMENTAL MATTERS

Environmental Expenditures

	2015	2014
	(millions of dollars)	
Capital expenditures	1,869	2,666
Other expenditures	3,777	3,522
Total	5,646	6,188

Throughout ExxonMobil's businesses, new and ongoing measures are taken to prevent and minimize the impact of our operations on air, water and ground. These include a significant investment in refining infrastructure and technology to manufacture clean fuels, as well as projects to monitor and reduce nitrogen oxide, sulfur oxide and greenhouse gas emissions, and expenditures for asset retirement obligations. Using definitions and guidelines established by the American Petroleum Institute, ExxonMobil's 2015 worldwide environmental expenditures for all such preventative and remediation steps, including ExxonMobil's share of equity company expenditures, were $5.6 billion, of which $3.8 billion were included in expenses with the remainder in capital expenditures. The total cost for such activities is expected to decrease to approximately $5 billion in 2016 and 2017, mainly reflecting lower project activity in Canada. Capital expenditures are expected to account for approximately 30 percent of the total.

Environmental Liabilities

The Corporation accrues environmental liabilities when it is probable that obligations have been incurred and the amounts can be reasonably estimated. This policy applies to assets or businesses currently owned or previously disposed. ExxonMobil has accrued liabilities for probable environmental remediation obligations at various sites, including multiparty sites where the U.S. Environmental Protection Agency has identified ExxonMobil as one of the potentially responsible parties. The involvement of other financially responsible companies at these multiparty sites could mitigate ExxonMobil's actual joint and several liability exposure. At present, no individual site is expected to have losses material to ExxonMobil's operations or financial condition. Consolidated company provisions made in 2015 for environmental liabilities were $371 million ($780 million in 2014) and the balance sheet reflects accumulated liabilities of $837 million as of December 31, 2015, and $1,066 million as of December 31, 2014.

MARKET RISKS, INFLATION AND OTHER UNCERTAINTIES

Worldwide Average Realizations *(1)*	2015	2014	2013
Crude oil and NGL ($/barrel)	44.77	87.42	97.48
Natural gas ($/kcf)	2.95	4.68	4.60

(1) Consolidated subsidiaries.

Crude oil, natural gas, petroleum product and chemical prices have fluctuated in response to changing market forces. The impacts of these price fluctuations on earnings from Upstream, Downstream and Chemical operations have varied. In the Upstream, a $1 per barrel change in the weighted-average realized price of oil would have approximately a $375 million annual after-tax effect on Upstream consolidated plus equity company earnings. Similarly, a $0.10 per kcf change in the worldwide average gas realization would have approximately a $150 million annual after-tax effect on Upstream consolidated plus equity company earnings. For any given period, the extent of actual benefit or detriment will be dependent on the price movements of individual types of crude oil, taxes and other government take impacts, price adjustment lags in long-term gas contracts, and crude and gas production volumes. Accordingly, changes in benchmark prices for crude oil and natural gas only provide broad indicators of changes in the earnings experienced in any particular period.

In the very competitive downstream and chemical environments, earnings are primarily determined by margin capture rather than absolute price levels of products sold. Refining margins are a function of the difference between what a refiner pays for its raw materials (primarily crude oil) and the market prices for the range of products produced. These prices in turn depend on global and regional supply/demand balances, inventory levels, refinery operations, import/export balances and weather.

The global energy markets can give rise to extended periods in which market conditions are adverse to one or more of the Corporation's businesses. Such conditions, along with the capital-intensive nature of the industry and very long lead times associated with many of our projects, underscore the importance of maintaining a strong financial position. Management views the Corporation's financial strength as a competitive advantage.

In general, segment results are not dependent on the ability to sell and/or purchase products to/from other segments. Instead, where such sales take place, they are the result of efficiencies and competitive advantages of integrated refinery/chemical complexes. Additionally, intersegment sales are at market-based prices. The products bought and sold between segments can also be acquired in worldwide markets that have substantial liquidity, capacity and transportation capabilities. About 35 percent of the Corporation's intersegment sales represent Upstream production sold to the Downstream. Other intersegment sales include those between refineries and chemical plants related to raw materials, feedstocks and finished products.

Although price levels of crude oil and natural gas may rise or fall significantly over the short to medium term due to global economic conditions, political events, decisions by OPEC and other major government resource owners and other factors, industry economics over the long term will continue to be driven by market supply and demand. Accordingly, the Corporation evaluates the viability of all of its investments over a broad range of prices. The Corporation's assessment is that its operations will continue to be successful over the long term in a variety of market conditions. This is the outcome of disciplined investment and asset management programs.

The Corporation has an active asset management program in which underperforming assets are either improved to acceptable levels or considered for divestment. The asset management program includes a disciplined, regular review to ensure that all assets are contributing to the Corporation's strategic objectives. The result is an efficient capital base, and the Corporation has seldom had to write down the carrying value of assets, even during periods of low commodity prices.

Risk Management

The Corporation's size, strong capital structure, geographic diversity and the complementary nature of the Upstream, Downstream and Chemical businesses reduce the Corporation's enterprise-wide risk from changes in interest rates, currency rates and commodity prices. As a result, the Corporation makes limited use of derivative instruments to mitigate the impact of such changes. With respect to derivatives activities, the Corporation believes that there are no material market or credit risks to the Corporation's financial position, results of operations or liquidity as a result of the derivatives described in Note 13. The Corporation does not engage in speculative derivative activities or derivative trading activities nor does it use derivatives with leveraged features. Credit risk associated with the Corporation's derivative position is mitigated by several factors, including the use of derivative clearing exchanges and the quality of and financial limits placed on derivative counterparties. The Corporation maintains a system of controls that includes the authorization, reporting and monitoring of derivative activity.

The Corporation is exposed to changes in interest rates, primarily on its short-term debt and the portion of long-term debt that carries floating interest rates. The impact of a 100-basis-point change in interest rates affecting the Corporation's debt would not be material to earnings, cash flow or fair value. The Corporation has access to significant capacity of long-term and short-term liquidity. Internally generated funds are expected to cover the majority of financial requirements, supplemented by long-term and short-term debt. Some joint-venture partners are dependent on the credit markets, and their funding ability may impact the development pace of joint-venture projects.

The Corporation conducts business in many foreign currencies and is subject to exchange rate risk on cash flows related to sales, expenses, financing and investment transactions. The impacts of fluctuations in exchange rates on ExxonMobil's geographically and functionally diverse operations are varied and often offsetting in amount. The Corporation makes limited use of currency exchange contracts to mitigate the impact of changes in currency values, and exposures related to the Corporation's limited use of the currency exchange contracts are not material.

Inflation and Other Uncertainties

The general rate of inflation in many major countries of operation has remained moderate over the past few years, and the associated impact on non-energy costs has generally been mitigated by cost reductions from efficiency and productivity improvements. Beginning several years ago, an extended period of increased demand for certain services and materials resulted in higher operating and capital costs. More recently, multiple market changes, including general commodity price decreases, lower oil prices and reduced upstream industry activity, have contributed to lower prices for oilfield services and materials. The Corporation works to minimize costs in all commodity price environments through its economies of scale in global procurement and its efficient project management practices.

RECENTLY ISSUED ACCOUNTING STANDARDS

In May 2014, the Financial Accounting Standards Board issued a new standard, *Revenue from Contracts with Customers*. The standard establishes a single revenue recognition model for all contracts with customers, eliminates industry specific requirements, and expands disclosure requirements. The standard is required to be adopted beginning January 1, 2018.

"Sales and Other Operating Revenue" on the Consolidated Statement of Income includes sales, excise and value-added taxes on sales transactions. When the Corporation adopts the standard, revenue will exclude sales-based taxes collected on behalf of third parties. This change in reporting will not impact earnings.

The Corporation continues to evaluate other areas of the standard and its effect on the Corporation's financial statements.

CRITICAL ACCOUNTING ESTIMATES

The Corporation's accounting and financial reporting fairly reflect its straightforward business model involving the extracting, refining and marketing of hydrocarbons and hydrocarbon-based products. The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles (GAAP) requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. The Corporation's accounting policies are summarized in Note 1.

Oil and Gas Reserves

Evaluations of oil and gas reserves are important to the effective management of upstream assets. They are an integral part of investment decisions about oil and gas properties such as whether development should proceed. Oil and gas reserve quantities are also used as the basis to calculate unit-of-production depreciation rates and to evaluate impairment.

Oil and gas reserves include both proved and unproved reserves. Proved oil and gas reserves are those quantities of oil and gas which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible. Unproved reserves are those with less than reasonable certainty of recoverability and include probable reserves. Probable reserves are reserves that, together with proved reserves, are as likely as not to be recovered.

The estimation of proved reserves is an ongoing process based on rigorous technical evaluations, commercial and market assessment, and detailed analysis of well information such as flow rates and reservoir pressure declines. The estimation of proved reserves is controlled by the Corporation through long-standing approval guidelines. Reserve changes are made within a well-established, disciplined process driven by senior level geoscience and engineering professionals, assisted by the Reserves Technical Oversight group which has significant technical experience, culminating in reviews with and approval by senior management. Notably, the Corporation does not use specific quantitative reserve targets to determine compensation. Key features of the reserve estimation process are covered in Disclosure of Reserves in Item 2.

Although the Corporation is reasonably certain that proved reserves will be produced, the timing and amount recovered can be affected by a number of factors including completion of development projects, reservoir performance, regulatory approvals and significant changes in long-term oil and gas price levels.

Proved reserves can be further subdivided into developed and undeveloped reserves. The percentage of proved developed reserves was 73 percent of total proved reserves at year-end 2015 (including both consolidated and equity company reserves), and has been over 60 percent for the last ten years.

Revisions can include upward or downward changes in previously estimated volumes of proved reserves for existing fields due to the evaluation or re-evaluation of (1) already available geologic, reservoir or production data, (2) new geologic, reservoir or production data or (3) changes in prices and year-end costs that are used in the estimation of reserves. Revisions can also result from significant changes in development strategy or production equipment/facility capacity.

When crude oil and natural gas prices are in the range seen in late 2015 and early 2016 for an extended period of time, under the SEC definition of proved reserves, certain quantities of oil and natural gas, such as oil sands operations in Canada and natural gas operations in North America could temporarily not qualify as proved reserves. Amounts that could be required to be de-booked as proved reserves on an SEC basis are subject to being re-booked as proved reserves at some point in the future when price levels recover, costs decline, or operating efficiencies occur. Under the terms of certain contractual arrangements or government royalty regimes, lower prices can also increase proved reserves attributable to ExxonMobil. We do not expect any temporary changes in reported proved reserves under SEC definitions to affect the operation of the underlying projects or to alter our outlook for future production volumes.

Impact of Oil and Gas Reserves on Depreciation. The calculation of unit-of-production depreciation is a critical accounting estimate that measures the depreciation of upstream assets. It is the ratio of actual volumes produced to total proved reserves or proved developed reserves (those proved reserves recoverable through existing wells with existing equipment and operating methods), applied to the asset cost. In the event that the unit-of-production method does not result in an equitable allocation of cost over the economic life of an upstream asset, an alternative such as the straight-line method is used. The volumes produced and asset cost are known and, while proved reserves have a high probability of recoverability they are based on estimates that are subject to some variability. While the revisions the Corporation has made in the past are an indicator of variability, they have had a very small impact on the unit-of-production rates because they have been small compared to the large reserves base.

Impact of Oil and Gas Reserves, Prices and Margins on Testing for Impairment. The Corporation performs impairment assessments whenever events or circumstances indicate that the carrying amounts of its long-lived assets (or group of assets) may not be recoverable through future operations or disposition. Assets are grouped at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets for this assessment.

Potential trigger events for impairment evaluation include:

- a significant decrease in the market price of a long-lived asset;
- a significant adverse change in the extent or manner in which an asset is being used or in its physical condition including a significant decrease in current and projected reserve volumes;
- a significant adverse change in legal factors or in the business climate that could affect the value, including an adverse action or assessment by a regulator;
- an accumulation of project costs significantly in excess of the amount originally expected;
- a current-period operating loss combined with a history and forecast of operating or cash flow losses; and
- a current expectation that, more likely than not, a long-lived asset will be sold or otherwise disposed of significantly before the end of its previously estimated useful life.

The Corporation performs asset valuation analyses on an ongoing basis as a part of its asset management program. These analyses and other profitability reviews assist the Corporation in assessing whether the carrying amounts of any of its assets may not be recoverable.

In general, the Corporation does not view temporarily low prices or margins as a trigger event for conducting impairment tests. The markets for crude oil, natural gas and petroleum products have a history of significant price volatility. Although prices will occasionally drop significantly, industry prices over the long term will continue to be driven by market supply and demand. On the supply side, industry production from mature fields is declining, but this is being offset by production from new discoveries and field developments. OPEC production policies also have an impact on world oil supplies. The demand side is largely a function of global economic growth. The relative growth/decline in supply versus demand will determine industry prices over the long term, and these cannot be accurately predicted.

If there were a trigger event, the Corporation estimates the future undiscounted cash flows of the affected properties to judge the recoverability of carrying amounts. Cash flows used in impairment evaluations are developed using estimates for future crude oil and natural gas commodity prices, refining and chemical margins, and foreign currency exchange rates. Volumes are based on projected field and facility production profiles, throughput, or sales. These evaluations make use of the Corporation's price, margin, volume, and cost assumptions developed in the annual planning and budgeting process, and are consistent with the criteria management uses to evaluate investment opportunities. Where unproved reserves exist, an appropriately risk-adjusted amount of these reserves may be included in the evaluation.

An asset group would be impaired if its undiscounted cash flows were less than the asset's carrying value. Impairments are measured by the amount by which the carrying value exceeds fair value. Cash flow estimates for impairment testing exclude the effects of derivative instruments.

In light of continued weakness in the upstream industry environment in late 2015, the Corporation undertook an effort to assess its major long-lived assets most at risk for potential impairment. The results of this assessment confirm the absence of a trigger event and indicate that the future undiscounted cash flows associated with these assets substantially exceed the carrying value of the assets. The assessment reflects crude and natural gas prices that are generally consistent with the long-term price forecasts published by third-party industry experts. Critical to the long-term recoverability of certain assets is the assumption that either by supply and demand changes, or due to general inflation, prices will rise in the future. Should increases in long-term prices not materialize, certain of the Corporation's assets will be at risk for impairment. Due to the inherent difficulty in predicting future commodity prices, and the relationship between industry prices and costs, it is not practicable to reasonably estimate a range of potential future impairments related to the Corporation's long-lived assets.

Significant unproved properties are assessed for impairment individually, and valuation allowances against the capitalized costs are recorded based on the estimated economic chance of success and the length of time that the Corporation expects to hold the

properties. Properties that are not individually significant are aggregated by groups and amortized based on development risk and average holding period.

Supplemental information regarding oil and gas results of operations, capitalized costs and reserves is provided following the notes to consolidated financial statements. Future prices used for any impairment tests will vary from the ones used in the supplemental oil and gas disclosure and could be lower or higher for any given year.

Inventories

Crude oil, products and merchandise inventories are carried at the lower of current market value or cost (generally determined under the last-in, first-out method - LIFO). If crude oil, natural gas, petroleum product and chemical product prices continue in the range seen in early 2016, the Corporation could be subject to a lower of cost or market inventory valuation adjustment.

Asset Retirement Obligations

The Corporation incurs retirement obligations for certain assets. The fair values of these obligations are recorded as liabilities on a discounted basis, which is typically at the time the assets are installed. In the estimation of fair value, the Corporation uses assumptions and judgments regarding such factors as the existence of a legal obligation for an asset retirement obligation; technical assessments of the assets; estimated amounts and timing of settlements; discount rates; and inflation rates. Asset retirement obligations are disclosed in Note 9 to the financial statements.

Suspended Exploratory Well Costs

The Corporation continues capitalization of exploratory well costs when the well has found a sufficient quantity of reserves to justify its completion as a producing well and the Corporation is making sufficient progress assessing the reserves and the economic and operating viability of the project. Exploratory well costs not meeting these criteria are charged to expense. The facts and circumstances that support continued capitalization of suspended wells at year-end are disclosed in Note 10 to the financial statements.

Consolidations

The Consolidated Financial Statements include the accounts of those subsidiaries that the Corporation controls. They also include the Corporation's share of the undivided interest in certain upstream assets, liabilities, revenues and expenses. Amounts representing the Corporation's interest in the underlying net assets of other significant entities that it does not control, but over which it exercises significant influence, are accounted for using the equity method of accounting.

Investments in companies that are partially owned by the Corporation are integral to the Corporation's operations. In some cases they serve to balance worldwide risks, and in others they provide the only available means of entry into a particular market or area of interest. The other parties, who also have an equity interest in these companies, are either independent third parties or host governments that share in the business results according to their ownership. The Corporation does not invest in these companies in order to remove liabilities from its balance sheet. In fact, the Corporation has long been on record supporting an alternative accounting method that would require each investor to consolidate its share of all assets and liabilities in these partially-owned companies rather than only its interest in net equity. This method of accounting for investments in partially-owned companies is not permitted by U.S. GAAP except where the investments are in the direct ownership of a share of upstream assets and liabilities. However, for purposes of calculating return on average capital employed, which is not covered by U.S. GAAP standards, the Corporation includes its share of debt of these partially-owned companies in the determination of average capital employed.

Exhibit H

EX-99.1 2 f8k3q991.htm NEWS RELEASE

EXHIBIT 99.1

News Release

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FOR IMMEDIATE RELEASE
FRIDAY, OCTOBER 28, 2016

ExxonMobil Earns $2.7 Billion in Third Quarter of 2016

- Cash generation supported by integrated portfolio
- Continued focus on business fundamentals and strategic investments
- Chemical and Downstream results reflect diverse product portfolio, integrated manufacturing sites

	Third Quarter			Nine Months		
	2016	2015	%	**2016**	2015	%
Earnings Summary *(Dollars in millions, except per share data)*						
Earnings	**2,650**	4,240	-38	**6,160**	13,370	-54
Earnings Per Common Share Assuming Dilution	**0.63**	1.01	-38	**1.47**	3.18	-54
Capital and Exploration Expenditures	**4,190**	7,670	-45	**14,475**	23,635	-39

IRVING, Texas – October 28, 2016 – Exxon Mobil Corporation today announced estimated third quarter 2016 earnings of $2.7 billion, or $0.63 per diluted share, compared with $4.2 billion a year earlier. Results reflect lower refining margins and commodity prices.

“ExxonMobil’s integrated business continues to deliver solid results,” said Rex W. Tillerson, chairman and chief executive officer. “While the operating environment remains challenging, the company continues to focus on capturing efficiencies, advancing strategic investments, and creating long-term shareholder value.”

During the quarter, Upstream earnings were $620 million. Volumes for the quarter declined 3 percent to 3.8 million oil-equivalent barrels per day compared with a year ago, due to unplanned downtime, primarily in Nigeria, and field decline partially offset by

increased production from recent project start-ups.

Third quarter Chemical earnings of $1.2 billion, comparable with prior year results, reflect higher maintenance costs, partially offset by increased specialty product sales. Downstream earnings declined to $1.2 billion primarily due to weaker refining margins.

During the quarter, capital and exploration expenses were reduced by 45 percent to $4.2 billion.

The corporation distributed $3.1 billion in dividends to shareholders in the third quarter.

Third Quarter 2016 Highlights

- Earnings of $2.7 billion decreased $1.6 billion, or 38 percent, from the third quarter of 2015.
- Earnings per share assuming dilution were $0.63.
- Cash flow from operations and asset sales was $6.3 billion, including proceeds associated with asset sales of $1 billion.
- Capital and exploration expenditures were $4.2 billion, down 45 percent from the third quarter of 2015.
- Oil−equivalent production was 3.8 million oil-equivalent barrels per day, with liquids down 5.1 percent and natural gas up 0.8 percent.
- The corporation distributed $3.1 billion in dividends to shareholders.
- Dividends per share of $0.75 increased 2.7 percent compared with the third quarter of 2015.
- ExxonMobil and InterOil Corporation announced an agreed transaction worth more than $2.5 billion, under which ExxonMobil will acquire all of the outstanding shares of InterOil. The acquisition will give ExxonMobil access to InterOil's resource base, which includes interests in six licenses in Papua New Guinea covering about four million acres. The transaction is pending the outcome of a shareholder appeal of the court decision approving the transaction.
- ExxonMobil Kazakhstan Ventures Inc., a 25 percent shareholder in Tengizchevroil LLP, has approved the final investment decision for the Future Growth and Wellhead Pressure Management Project as part of the next expansion phase of the Tengiz oil field.
- In Guyana, the Liza-3 appraisal well was successfully completed in October, confirming a world−class resource discovery in excess of 1 billion oil-equivalent barrels. Also in October, the Owowo−3 exploration well, located offshore Nigeria, confirmed a discovery of 500 million to 1 billion barrels of oil.
- ExxonMobil announced plans to increase production of ultra-low sulfur fuels at the Beaumont, Texas, refinery by approximately 40,000 barrels per day. The new unit will use proprietary technology to remove sulfur while minimizing octane loss, and will ensure gasoline meets the latest environmental standards.
- The company announced plans to expand its specialty elastomers plant in Newport, Wales. The project is expected to be completed in late 2017 and will result in a 25 percent increase in global capacity to manufacture Santoprene thermoplastic vulcanizate, high-performance elastomers used for automotive,

industrial and consumer applications.

- ExxonMobil and Saudi Basic Industries Corporation (SABIC) are considering the potential development of a jointly owned petrochemical complex on the U.S. Gulf Coast. The project would include a steam cracker and derivative units, and would be located in Texas or Louisiana near natural gas feedstock. A final investment decision will be made upon completion of necessary studies.

- During the quarter, the company announced new developments in its relationships with the Georgia Institute of Technology, Princeton University and the University of Texas at Austin to pursue technologies to help meet growing energy demand while reducing environmental impacts and the risk of climate change.

Third Quarter 2016 vs. Third Quarter 2015

Upstream earnings were $620 million in the third quarter of 2016, down $738 million from the third quarter of 2015. Lower liquids and gas realizations decreased earnings by $880 million, while volume and mix effects increased earnings by $80 million. All other items, including lower expenses partly offset by unfavorable foreign exchange effects, increased earnings by $60 million.

On an oil-equivalent basis, production was down compared with the third quarter of 2015. Liquids production totaled 2.2 million barrels per day, down 120,000 barrels per day. Higher downtime, mainly in Nigeria, and field decline were partly offset by project start-ups. Natural gas production was 9.6 billion cubic feet per day, up 77 million cubic feet per day from 2015 as project start-ups more than offset field decline and divestment impacts.

U.S. Upstream earnings declined $35 million from the third quarter of 2015 to a loss of $477 million in the third quarter of 2016. Non-U.S. Upstream earnings were $1.1 billion, down $703 million from the prior year.

Downstream earnings were $1.2 billion, down $804 million from the third quarter of 2015. Weaker margins, mainly in refining, decreased earnings by $1.6 billion while favorable volume and mix effects increased earnings by $170 million. All other items increased earnings by $580 million, including lower maintenance expenses and gains from divestments in Canada. Petroleum product sales of 5.6 million barrels per day were 203,000 barrels per day lower than the prior year mainly due to divestment of the Torrance, California, and Chalmette, Louisiana, refineries.

Earnings from the U.S. Downstream were $225 million, down $262 million from the third quarter of 2015. Non-U.S. Downstream earnings of $1 billion were $542 million lower than prior year.

Chemical earnings of $1.2 billion were $56 million lower than the third quarter of 2015. Margins decreased earnings by $10 million. Volume and mix effects increased earnings by $20 million. All other items decreased earnings by $70 million due primarily to higher maintenance expenses. Third quarter prime product sales of 6.1 million metric tons were 51,000 metric tons higher than the prior year's third quarter.

U.S. Chemical earnings of $434 million were $92 million lower than the third quarter of 2015. Non-U.S. Chemical earnings of $737 million were $36 million higher than prior year.

Corporate and financing expenses were $370 million for the third quarter of 2016, compared to $378 million in the third quarter of 2015.

First Nine Months 2016 Highlights

- Earnings of $6.2 billion decreased 54 percent from $13.4 billion in 2015.

- Earnings per share assuming dilution were $1.47.
- Cash flow from operations and asset sales was $16.9 billion, including proceeds associated with asset sales of $2.2 billion.
- Capital and exploration expenditures were $14.5 billion, down 39 percent from 2015.

- Oil-equivalent production was essentially unchanged at 4 million oil-equivalent barrels per day, with liquids up 2.6 percent and natural gas down 4.4 percent.

- The corporation distributed $9.3 billion in dividends to shareholders.

First Nine Months 2016 vs. First Nine Months 2015

Upstream earnings were $838 million, down $5.4 billion from the first nine months of 2015. Lower realizations decreased earnings by $5.8 billion. Favorable volume and mix effects increased earnings by $130 million. All other items increased earnings by $260 million, primarily due to lower expenses partly offset by the absence of asset management gains.

On an oil-equivalent basis, production of 4 million barrels per day was essentially flat compared to the same period in 2015. Liquids production of 2.4 million barrels per day increased 59,000 barrels per day, with project start-ups partly offset by field decline, the Canadian wildfires, and downtime mainly in Nigeria. Natural gas production of 10 billion cubic feet per day decreased 458 million cubic feet per day from 2015 as regulatory restrictions in the Netherlands, field decline and divestment impacts were partly offset by project start-ups.

U.S. Upstream earnings declined $1.3 billion from 2015 to a loss of $1.8 billion in 2016. Earnings outside the U.S. were $2.7 billion, down $4.1 billion from the prior year.

Downstream earnings of $3 billion decreased $2.2 billion from 2015. Weaker refining margins decreased earnings by $3.3 billion, while volume and mix effects increased earnings by $330 million. All other items increased earnings by $680 million, mainly reflecting lower maintenance expense and gains from divestments. Petroleum product sales of 5.5 million barrels per day were 306,000 barrels per day lower than 2015 mainly due to divestment of the Torrance and Chalmette refineries.

U.S. Downstream earnings were $824 million, a decrease of $642 million from 2015. Non-U.S. Downstream earnings were $2.1 billion, down $1.6 billion from the prior year.

Chemical earnings of $3.7 billion increased $288 million from 2015. Stronger margins increased earnings by $440 million. Favorable volume and mix effects increased earnings by $130 million. All other items decreased earnings by $280 million, including the absence of asset management gains in the U.S. partly offset by lower expenses. Prime product sales of 18.6 million metric tons were up 387,000 metric tons from 2015.

U.S. Chemical earnings were $1.5 billion, down $342 million from the first nine months of 2015 reflecting the absence of asset management gains. Non-U.S. Chemical earnings of $2.2 billion were $630 million higher than prior year.

Corporate and financing expenses were $1.4 billion in 2016, compared to $1.5 billion in 2015.

During the first nine months of 2016, Exxon Mobil Corporation purchased 9 million shares

of its common stock for the treasury at a gross cost of $727 million. These shares were acquired to offset dilution in conjunction with the company's benefit plans and programs. The corporation will continue to acquire shares to offset dilution in conjunction with its benefit plans and programs, but does not currently plan on making purchases to reduce shares outstanding.

Forward-looking Statements

As disclosed in ExxonMobil's 2015 Form 10-K, low crude oil and natural gas prices can impact the corporation's reserves as reported under Securities and Exchange Commission (SEC) rules. Average year-to-date crude prices have been significantly affected by the very low prices experienced during the first quarter of 2016, but have recovered considerably since that time. If the average prices seen during the first nine months of 2016 persist for the remainder of the year, under the SEC definition of proved reserves, certain quantities of oil, such as those associated with the Kearl oil sands operations in Canada, will not qualify as proved reserves at year-end 2016. In addition, if these average prices persist, the projected end-of-field-life for estimating reserves will accelerate for certain liquids and natural gas operations in North America, resulting in a reduction of proved reserves at year-end 2016. Quantities that could be required to be de−booked as proved reserves on an SEC basis amount to approximately 3.6 billion barrels of bitumen at Kearl, and about 1 billion oil-equivalent barrels in other North America operations. Among the factors that would result in these reserves being re-booked as proved reserves at some point in the future are a recovery in average price levels, a further decline in costs, and / or operating efficiencies. Under the terms of certain contractual arrangements or government royalty regimes, lower prices can also increase proved reserves attributable to ExxonMobil. We do not expect the de-booking of reported proved reserves under SEC definitions to affect the operation of the underlying projects or to alter our outlook for future production volumes.

In light of continued weakness in the upstream industry environment during 2016, and as part of its annual planning and budgeting process which is currently in progress, the corporation will perform an assessment of its major long-lived assets, similar to the exercise undertaken in late 2015, including North America natural gas assets and certain other assets across the remainder of its operations. The assessment will reflect crude and natural gas price outlooks consistent with those that management uses to evaluate investment opportunities and generally consistent with the long-term price forecasts published by third-party industry and government experts. Development of future undiscounted cash flow estimates requires significant management judgment, particularly in cases where an asset's life is expected to extend decades into the future. An asset group would be impaired if its estimated undiscounted cash flows were less than the asset's carrying value, and impairment would be measured by the amount by which the carrying value exceeds fair value. The corporation will complete its asset recoverability assessment and analyze the conclusions of that assessment in connection with the preparation and review of the corporation's year-end financial statements for inclusion in its 2016 Form 10−K. Until these activities are complete, it is not practicable to reasonably estimate the existence or range of potential future impairments related to the corporation's long-lived assets.

ExxonMobil will discuss financial and operating results and other matters during a webcast at 8:30 a.m. Central Time on October 28, 2016. To listen to the event or access an archived replay, please visit www.exxonmobil.com.

Cautionary Statement

Statements relating to future plans, projections, events or conditions are forward-looking statements. Actual financial and operating results, including project plans, costs, timing, and capacities; capital and exploration expenditures; asset carrying values; reported reserves; resource recoveries; and share purchase levels, could differ materially due to factors including: changes in oil or gas prices or other market or economic conditions affecting the oil and gas industry, including the scope and duration of economic recessions; the outcome of exploration and development efforts; changes in law or government regulation, including tax and environmental requirements; the impact of fiscal and commercial terms; changes in technical or operating conditions; and other factors discussed under the heading "Factors Affecting Future Results" in the "Investors" section of our website and in Item 1A of ExxonMobil's 2015 Form 10-K. Closing of pending acquisitions is also subject to satisfaction of the conditions precedent provided in the applicable agreement. We assume no duty to update these statements as of any future date.

Frequently Used Terms

This press release includes cash flow from operations and asset sales, which is a non-GAAP financial measure. Because of the regular nature of our asset management and divestment program, we believe it is useful for investors to consider proceeds associated with the sales of subsidiaries, property, plant and equipment, and sales and returns of investments together with cash provided by operating activities when evaluating cash available for investment in the business and financing activities. A reconciliation to net cash provided by operating activities is shown in Attachment II. References to quantities of oil or natural gas may include amounts that we believe will ultimately be produced, but that are not yet classified as "proved reserves" under SEC definitions. Further information on ExxonMobil's frequently used financial and operating measures and other terms including "prime product sales" is contained under the heading "Frequently Used Terms" available through the "Investors" section of our website at exxonmobil.com.

Reference to Earnings

References to corporate earnings mean net income attributable to ExxonMobil (U.S. GAAP) from the consolidated income statement. Unless otherwise indicated, references to earnings, Upstream, Downstream, Chemical and Corporate and Financing segment earnings, and earnings per share are ExxonMobil's share after excluding amounts attributable to noncontrolling interests.

The term "project" as used in this release can refer to a variety of different activities and does not necessarily have the same meaning as in any government payment transparency reports. Santoprene is a registered trademark of Exxon Mobil Corporation.

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Exhibit I

theguardian

ExxonMobil under investigation over claims it lied about climate change risks

New York attorney general subpoenas Exxon and Peabody Energy, two giants of the fossil fuel industry, over claims they misled the public and investors

Suzanne Goldenberg US environment correspondent

Thursday 5 November 2015 18.38 EST

The New York attorney general is investigating whether ExxonMobil misled the public and investors about the dangers and potential business risks of climate change, sources familiar with the investigation said on Thursday.

The company confirmed that it had received a subpoena from Eric Schneidermann, the New York attorney general, for financial records, email and other documents related to climate change.

Peabody Energy, the world's biggest private coal company, is also under investigation, the legal sources confirmed.

The two giants of the fossil fuel industry - Exxon and Peabody - have long come under criticism from environmental and science groups for funding climate denial front groups, and spreading

disinformation about climate science.

Democratic presidential contenders Hillary Clinton and Bernie Sanders have both called for investigations into Exxon, following revelations that the company knew for decades about the dangers of climate change, but continued to cast doubt about the science.

The oil company denied the allegations, and said it had been forthcoming about the business risks of climate change in its shareholder and other reports.

"We unequivocally reject allegations that ExxonMobil suppressed climate change research contained in media reports that are inaccurate distortions of ExxonMobil's nearly 40-year history of climate research that was conducted publicly in conjunction with the Department of Energy, academics and the UN Intergovernmental Panel on Climate Change," Richard Keil, a spokesman, said in an emailed statement.

In Exxon's case, the investigation will focus on any inconsistencies between the company's knowledge of climate change - from its own in-house team of scientists and other experts - and its filings to the Securities Exchange Commission and other government regulatory agencies, the sources said.

"The fundamental question is whether they were misleading the public and investors by having financial reports inconsistent with what they knew to be the science," the sources said. "It could include the funding of climate denial science. It could involve funding straight science that showed the impact of climate change."

The investigators could make use of a New York statute known as the Martin Act which, it is believed, would make it easier to secure a conviction than under financial regulations.

The investigation, first reported by the New York Times, follows investigations by Inside Climate News and the Los Angeles Times which revealed the company for decades disregarded the findings of its own top-flight science.

The Guardian reported last July that Exxon's own scientists were aware as early as 1981 that climate change could spell trouble for the oil business - years before global warming become a broad public concern.

The investigation by Inside Climate News pushed the clock on Exxon's knowledge of climate change back even further to the 1970s.

However, the company for years continued to cast doubt on whether climate change was occurring or was caused by the burning of fossil fuels.

An investigation by Greenpeace found the company spent more than $30m spreading confusion about climate science before making a public commitment to end funding such front groups in 2008. However, Exxon continued to fund members of Congress who deny climate change such as Jim Inhofe, the Oklahoma Republican.

In the case of Peabody Energy, the company first disclosed in its SEC filings that it was under investigation.

The world's largest privately held coal company, Peabody Energy has pushed back aggressively on efforts to fight climate change, claiming that fossil fuels were essential to ending global poverty.

The World Bank and other major financial institutions reject such arguments.

Last year, at the height of the Ebola crisis, the company even went so far as to suggest that expanding coal use would have helped stop the public health crisis.

Topics

- Climate change
- ExxonMobil
- New York
- news

Exhibit J

California to investigate whether Exxon Mobil lied about climate-change risks

Exxon Mobil, which operates a refinery in Torrance, above, has issued statements denying news reports that it suppressed climate-change research. (Christina House / For The Times)

By **Ivan Penn**

JANUARY 20, 2016, 3:00 AM

California Atty. Gen. Kamala D. Harris is investigating whether Exxon Mobil Corp. repeatedly lied to the public and its shareholders about the risk to its business from climate change — and whether such actions could amount to securities fraud and violations of environmental laws.

Harris' office is reviewing what Exxon Mobil knew about global warming and what the company told investors, a person close to the investigation said.

The move follows published reports, based on internal company documents, suggesting that during the 1980s and 1990s the company, then known as Exxon, used climate research as part of its planning and other business practices but simultaneously argued publicly that climate-change science was not clear cut.

Those documents were cited in stories by reporters for Columbia University Energy and Environmental Reporting Fellowship, published in partnership with the Los Angeles Times. The nonprofit InsideClimate News also published several stories based on the documents.

Shortly after the news reports, Harris' office launched the investigation in response to the findings, the person said. New York's attorney general also is investigating the oil company as a result of the published reports.

Exxon Mobil did not respond to several requests for comment made by telephone and email.

A spokesman for Harris declined to confirm the investigation.

U.S. Rep. Ted Lieu (D-Torrance), who has called on federal authorities to investigate Exxon Mobil, praised Harris' decision.

Lieu said the investigation means that any damages won from Exxon Mobil could benefit Californians.

"I commend ... Harris for taking this action," he said.

Lieu said he has sent letters to U.S. Atty. Gen. Loretta Lynch and the U.S. Securities and Exchange Commission calling for federal investigations of securities fraud and violations of racketeering, consumer protection, truth in advertising, public health, shareholder protection or other laws.

Lieu said he hopes the decision by Harris, representing a state with the eighth-largest economy in the world, will prompt other states and the Justice Department to investigate.

"I think this action will be taken very seriously by Exxon Mobil," Lieu said.

Richard Keil, an Exxon Mobil spokesman, previously said that the company denies any wrongdoing in regard to the climate-change reports.

"We unequivocally reject allegations that Exxon Mobil suppressed climate change research contained in media reports," Keil said in a statement issued in response to the letters sent in October by Lieu and Mark DeSaulnier (D-Concord). Keil issued a statement with the same quote in early November when the New York investigation became public.

Exxon Mobil continues to face calls from several current and former U.S. lawmakers for criminal investigations based on the media reports. They include Hillary Clinton, Bernie Sanders and Al Gore.

It is unclear what approach Harris intends to take in California's investigation.

Harris' office is casting a wide net and looking at a variety of issues, according to the person familiar with the matter.

Legal experts say the SEC requires that companies disclose the risks of climate change to their business operations but that the agency has taken almost no action to enforce it.

The moves by California and New York are seen as a step to fill that void.

Exxon Mobil already has received a subpoena for documents dating from 1977 from the office of Eric Schneiderman, New York's attorney general.

Schneiderman has at his disposal New York's Martin Act, a law that gives the state's attorney general broad power to prosecute companies for financial fraud.

Unlike federal securities law, the New York statute does not require the state to prove that a company intended to defraud — only that it misrepresented relevant information or withheld it from investors.

The law applies to any company doing business in the state.

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MORE BUSINESS NEWS

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A version of this article appeared in print on January 20, 2016, in the News section of the Los Angeles Times with the headline "State investigates Exxon Mobil on climate change - Kamala Harris wants to know whether the oil company lied to investors about risks." — Today's paper | Subscribe

This article is related to: Business, Environmental Science, Kamala Harris, U.S. Securities and Exchange Commission, Ted Lieu, U.S. Department of Justice, Mark DeSaulnier

Exhibit K

pinions

Big il s ma ter cla in riggin the sy tem

By Sheldon Whitehouse and Elizabeth Warren August 9, 2016

The writers, both Democrats, represent Rhode Island and Massachusetts, respectively, in the U.S. Senate.

For years, ExxonMobil actively advanced the notion that its products had little or no impact on the Earth's environment. As recently as last year, it continued to fund organizations that play down the risks of carbon pollution. So what did ExxonMobil actually know about climate change? And when did it know it?

Reasonable questions — particularly if ExxonMobil misled its investors about the long-term prospects of its business model or if the company fooled consumers into buying its products based on false claims.

So now the attorneys general of Massachusetts and New York are investigating whether ExxonMobil violated state laws by knowingly misleading their residents and shareholders about climate change. Those investigations may be making ExxonMobil executives nervous, and their Republican friends in Congress are riding to the rescue. House Science, Space and Technology Committee Chairman Lamar Smith (R-Tex.) and his fellow committee Republicans have issued subpoenas demanding that the state officials fork over all materials relating to their investigations. They also targeted eight organizations, including the Union of Concerned Scientists, the Rockefeller Family Fund and Greenpeace, with similar subpoenas, demanding that they turn over internal communications related to what Smith describes as part of "coordinated efforts" to deprive ExxonMobil of its First Amendment rights.

Take a breath to absorb that: State attorneys general are investigating whether a fraud had been committed — something state AGs do every day. Sometimes AGs uncover fraud and sometimes they don't, but if the evidence warrants it, the question of fraud will be resolved in open court, with all the evidence on public display. But instead of applauding the AGs for doing their jobs, this particular investigation against this particular oil company has brought down the wrath of congressional Republicans — and a swift effort to shut down the investigation before any evidence becomes public. So far, both AGs and all eight organizations have refused to comply. We say, good for them.

Let's call this what it is: a master class in how big corporations rig the system. According to the Center for Responsive Politics, Smith has received nearly $685,000 in campaign contributions from the oil and gas industry during his career. Now he is using his committee to harass the investigators and bully those who dare bring facts of possible corporate malfeasance to their attention. Undoubtedly, the oil industry wants no further attention, much less court-supervised discovery, into whether it has

pent dec de del ber tely deceiv ng the public about the ha ms ssoci ted with it product So he e come Smith and his Republic n colleagues with threats of legal action designed to sidet ack state investigations and ilence groups petitioning the government to dd es potential wrongdoing.

There's p enty for the AGs to investigate. The Union of Concerned Sc entists, for example, issued a 2015 report, "Climate Deception Dossie s: Internal Fossil Fuel Industry Memos Reveal Decades of Corporate Disinformation," and a 2007 report, "Smoke, Mirrors & Hot Air: How ExxonMobil Uses Big Tobacco's Tactics to Manufacture Uncertainty on Climate Science." Both reports document how the industry has protected its bottom l ne by fund ng front organizations and scientists to put out junk science contradicting what peer-reviewed scientists, nd even the ndustr 's own experts, were saying about how its products affected the envi onment. Union of Concerned Scientists P es dent Ken Kimmell right y dismissed the committee's equest, saying "M . Smith makes no allegation that UCS violated any aws or regulations, and his claim that p oviding nformation to tto ney general infringes on ExxonMobil's ight , s nonsense."

Massachusetts Attorney General Maura Healey and New York Atto ney General Eric Schneiderman are also fighting back. In eparate etters they to d Smith that they have no intention of comp ying with the committee's request. "The Subpoena bring us one step closer to a protracted, unnecessary legal confrontation which will only distract and det act from the work of our espective offices," Schneiderman wrote.

Smith is not the fi t fossi -fuel-backed Republican in Congress to come to the industry's defense. In May, Senate Environment and Pub ic Works Committee Chairman Jim Inhofe (R-Okla.), recipient of $1.8 m llion in oil and ga industry contributions s nce 1989, called the state AGs' investigation "m suse of power" nd "politics at its worst." The greater abuse comes when cong ess onal committees appear to operate t the behe t of the industrie they are meant to oversee.

Congress onal inve tigations and hearings have a unique abi ity to focu a nation's attention and b ing facts of public mportance to l ght. A committee chairmen, Smith and Inhofe c n direct their committees' autho ity as they see fit, but using that power to stifle awful state investigations doesn't advance the Fi st Amendment it tramples on it.

So we have an alternative suggestion. If Chairmen Smith and Inhofe re concerned about the Fi st Amendment rights of ExxonMobil, they should each call a hearing, ask ExxonMob l execut ves to testif , and give them the opportunity to set the ecord straight. A committee chairman could do little more to protect any person's r ght to speak f eely than to give that person the chance to testify before Congress. We would love to hear wh t they have to ay.

Read more:

Robert Post: ExxonMobil s abusing the First Amendment

Letters to the Edito : The eal victim in the ExxonMobil lawsuit i the First Amendment

Dennis C. Vacco: A an ttorney general, I sued the tobacco companies. ExxonMobil is nothing l ke them.

eorge F. : c ent fi silencers on the left are trying to shut down limate skepti sm

Fred Hiatt: Even ExxonMob l says climate change is real. So why won’t the GOP?

Elizabeth Warren represents Massachusetts in the United States Senate. Follow @SenWarren

Exhibit L

CLIMATE: Dems question Exxon support of carbon tax, call for hearings

Greenwire

August 10, 2016 Wednesday

Section: Politics; Vol. 10; No. 9

Length: 602 words

Body

Senate Democrats are pressing Republican leaders on Capitol Hill to call Exxon Mobil Corp. executives to testify about the company's work and knowledge about climate change. State attorneys general are investigating whether Exxon and other fossil fuel companies misled the public and investors about the risks of carbon pollution. House Science, Space and Technology Chairman Lamar Smith (R-Texas) has vowed to use "all tools at his disposal" to probe whether their investigation is an attempt to stifle companies and advocates who reject mainstream climate science (Greenwire, July 27). Similarly, Senate Environment and Public Works Chairman Jim Inhofe (R-Okla.)

has called the legal effort "a misuse of power to score cheap political points" (Greenwire, May 6). Now, in a Washington Post op-ed yesterday, Sens. Sheldon Whitehouse (D-R.I.) and Elizabeth Warren (D-Mass.) suggested the two committee chairmen "could do little more to protect any person's right to speak freely than to give that person the chance to testify before Congress." They added, "We would love to hear what they have to say." Whitehouse yesterday shared a letter he received from an Exxon vice president in Washington, D.C., Theresa Fariello. "ExxonMobil shares the same concerns as people everywhere ? how to provide the world with the energy it needs to support economic growth and improve living standards, while reducing greenhouse gas (GHG) emissions," Fariello wrote July 21. "It is a dual challenge," she stated, before providing a list of suggestions for policymakers and reiterating Exxon's support for a revenue-neutral carbon tax. According to the company's recent lobbying disclosure forms, top company leaders have met with Capitol Hill aides about legislation related to a carbon tax (ClimateWire, July 1). In the letter, Exxon also sought to correct the record on left-leaning groups' efforts to portray policy differences as "climate denial" by highlighting its $7 billion investment in low-emission energy sources since 2000. "That does not conform with our information and experience," Whitehouse wrote in another letter, responding to the company. Pointing to Exxon's charitable giving report for 2015, Whitehouse argued that the firm was funneling millions to groups "peddling climate denial." He noted a $325,000 contribution to the American Enterprise Institute for Public Policy Research (AEI), a $61,000 contribution to the American Legislative Exchange Council and $1 million to the U.S. Chamber of Commerce Foundation. Last summer, Whitehouse and Sen. Brian Schatz (D-Hawaii) chose AEI's headquarters as the venue to roll out their legislation, S. 1548, to price carbon. The venue underscored their desire to find some conservative backing for what they claim is a free-enterprise response to climate change (E&E Daily, June 10, 2015). Yet Whitehouse said the pair had seen no meaningful evidence of Exxon's support or lobbying on behalf of the measure. "Moreover, none of the top executives that make up ExxonMobil's management team has expressed interest in meeting with any of us to discuss the Whitehouse-Schatz proposal or any carbon fee legislation," he said in the letter. Whitehouse has taken the lead in an attempt by Democrats and environmentalists to link right-leaning organizations, many of which are wrapped up in the Exxon investigations, in a "web of denial" on climate change (E&E Daily, July 12). Critics claim the state attorneys general and their allies are trying to carry out a secret pact to defend President Obama's environmental agenda with the Exxon investigation (E&ENews PM, Aug. 9).

Exhibit M

Classification

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Ticker: XOM (NYSE) (95%)

Industry: EMISSIONS (89%)

Person: ELIZABETH WARREN (79%); SHELDON WHITEHOUSE (79%); BRIAN SCHATZ (59%); JIM INHOFE (59%); LAMAR SMITH (58%)

Geographic: TEXAS, USA (79%); HAWAII, USA (79%); RHODE ISLAND, USA (79%); DISTRICT OF COLUMBIA, USA (79%); UNITED STATES (94%)

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End of Document

The New York Times | https:// yti.ms/2dU7Ztx

ENERGY & ENVIRONMENT

Exxon Concedes It May Need to Declare Lower Value for Oil in Ground

By CLIFFORD KRAUSS OCT. 28, 2016

HOUSTON — Exxon Mobil, in a concession to market and regulatory pressures, said Friday that it might be forced to write down the value of some of its oil and gas assets in Canada and elsewhere if energy prices remain low through the end of the year.

The announcement, which accompanied the company's release of another quarter of lackluster earnings, was an apparent reversal of Exxon Mobil's stance in recent years.

The company has long insisted that it has been adequately accounting for the value of its oil and gas reserves — even as many other petroleum companies have taken big write-offs to reflect a two-year price slump.

On Friday, though, the company acknowledged that it faced what could be the biggest accounting revision of reserves in its history. Exxon Mobil might have to concede that 3.6 billion barrels of oil-sand reserves and one billion barrels of other North American reserves are currently not profitable to produce.

The way Exxon Mobil accounts for the value of assets still in the ground has made the company a target of inquiries by the Securities and Exchange Commission, as well as the New York attorney general, Eric T. Schneiderman.

Mr. Schneiderman, along with many energy experts, has criticized Exxon Mobil for being slow to take into account the impact of anticipated future government actions

to curb climate change, which may force energy companies to leave at least some fossil fuels untapped in the ground.

On Friday, Exxon Mobil seemed ready to acknowledge that the value of its assets might change.

"We anticipate that certain quantities of currently booked reserves such as those associated with our Canadian oil sands will not qualify as proven reserves at year-end 2016," Jeff Woodbury, Exxon Mobil's vice president for investor relations, said during a conference call.

Mr. Woodbury added that if current price levels persist, other oil and gas operations in North America may have to be written down, although he indicated that they could also be put back on the books if prices recovered sufficiently.

In August, the S.E.C. requested company documents and explanations about the value of Exxon Mobil's reserves, but it has not publicly commented on its inquiry. Exxon Mobil has promised to comply fully with the agency's requests and has expressed confidence that it has met its legal and accounting requirements.

The company has resisted Mr. Schneiderman's broader investigation into its accounting and its past public positions on climate change. The New York attorney general contends that Exxon Mobil has misled the public, even as the company's own scientists were warning about the climate impacts of greenhouse-gas emissions from fossil fuels.

Other oil and gas companies, including Exxon Mobil's rivals Chevron and Royal Dutch Shell, have lowered valuations by more than $50 billion since oil prices plunged from over $100 a barrel in 2014 to the current price of around $50 a barrel.

In contrast, Exxon Mobil resisted write-downs, saying that it conservatively valued its assets on a long-term basis and that price volatility was normal in commodity markets.

Exxon Mobil's oil sand reserves in Canada's Alberta province are a prime target for a write-down because they are particularly expensive to mine. Investments in oil sands have been slowing, and several oil companies have given up on the resource.

Turning oil sands into a usable form of petroleum requires heavy processing and refining.

Because Exxon Mobil's earnings on oil and gas exploration and production have been in decline, said Brian Youngberg, a senior energy analyst at Edward Jones, "it is increasingly hard for it to demonstrate its reserves as economical in today's world of more moderate oil prices."

"Scrutiny will continue to rise on this issue," Mr. Youngberg said, "especially when it updates its reserves in early 2017."

With the world's oil industry producing over a million barrels a day more than global demand, few analysts expect oil prices to rise much through the end of the year — even though the expectation that the OPEC cartel may freeze or cut production in the coming months has moderately stabilized prices in recent months.

Oil prices were as low as $30 a barrel in February. On Friday, West Texas Intermediate oil, a benchmark, was trading just above $49.

The Exxon Mobil announcement came as the company reported third-quarter earnings of $2.7 billion, a 38 percent drop from the comparable period last year. Exxon Mobil has now reported two full years of quarterly declines as a result of low energy prices and recent drops in production and in profit margins on petroleum refining.

Shares of Exxon Mobil stock were down more than 2 percent in early afternoon trading on Friday.

Exxon Mobil's dividend payments continue to exceed profits, which means the company is borrowing and selling assets to finance its payments to shareholders. At the same time, cuts in capital spending are hurting the company's ability to maintain production.

"Although earnings may have bottomed," said Fadel Gheit, a senior Oppenheimer & Company analyst, "Exxon Mobil is not out of the woods yet and needs a much higher oil price to regain its balance."

Exxon Mobil is far from the only oil company that is suffering from low oil and natural gas prices. ConocoPhillips this week reported a third-quarter loss of $1 billion, as income fell 13 percent.

A version of this article appears in print on October 29, 2016, o Page B5 of the N w York editi n with the headlin : Exxon Concedes Drop in Value of Its Reserves.

Exhibit N

http://www.wsj.c m/articles/exxon-mobil-profit- eve ue-slide-agai -1477657202

EARNINGS

Exxon Warns on Reserves as It Posts Lower Profit

Oil producer to examine whether assets in an area devastated by low prices and environmental concerns should be written down

An Exxon Mobil sign in front of a refinery in Torrance, Calif. PHOTO: ASSOCIATED PRESS

By Bradley Olson and Lynn Cook

Updated Oct. 28, 2016 4:43 p.m. ET

Exxon Mobil Corp. XOM **-0.59%** ▼ warned that it may be forced to eliminate almost 20% of its future oil and gas prospects, yielding to the sharp decline in global energy prices.

Under investigation by the U.S. Securities and Exchange Commission and New York state over its accounting practices—and the impact of future climate change regulations on its business—Exxon on Friday disclosed that some 4.6 billion barrels of oil in its reserves, primarily in Canada, may be too expensive to tap.

Exxon is facing near- and long-term threats as it seeks to exploit the full value of a vast oil and gas portfolio that stretches from Texas to the Caspian Sea, and deliver the handsome dividends that its shareholders have come to expect since it was part of John D. Rockefeller's Standard Oil.

Today, the company is suffering amid a two-year plunge in oil prices that has a barrel trading for around $50, a level Chief Executive Rex Tillerson believes may linger as U.S. shale producers ramp up at the first uptick in prices, prolonging the current glut and putting a ceiling on any price upswing.

Earlier this year, Exxon lost the triple-A bond rating it had held from Standard & Poor's Rating Services since 1930, a standing of creditworthiness shared with just two other companies, Microsoft Corp. and Johnson & Johnson . Last year, it failed to find enough new oil and gas to replace what it produced for the first time in 20 years. Its profits in the last 12 months are the lowest since 1999, before it merged with Mobil Corp.

EARNINGS FROM THE OIL PATCH

- Chevron Returns to Profit, but Revenue Slides
- Phillips 66 Posts Revenue and Profit Decline
- Total's Profit Jumps as Cost-Cutting Bears Fruit
- ConocoPhillips Revenue Slides
- Statoil Posts Wider Loss, Cuts Capital Spending Further

Exxon is alone among major oil companies in not having written down the value of its future wells as prices fell. It has said it follows conservative practices in booking reserves. It now plans to examine its assets to test, under rules governed by accounting standards, whether they are worth less than carried on its books.

The company said the 20% reserves reductions, which are governed separately by SEC rules, may be necessary based on the average 2016 price by the end of the year, though higher prices in November and December could mitigate the extent of the decline. It added that any reserve reductions could be added back if prices recover.

In an investor call on Friday, Exxon declined to discuss potential reserve write-offs or accounting write-downs in detail beyond its statement. The SEC declined to comment on Exxon's disclosure.

"Exxon has long been the best at what they do, but these external constraints are putting them more in line with everyone else, forcing them to the level of their competitors," said Sean Heinroth, a principal in the energy practice at management consultancy A.T. Kearney.

Though Exxon didn't mention climate change or regulators in its disclosure, most of the assets it said may not be economic are among the most scrutinized by climate change activists: Canada's oil sands.

Since 1999, energy companies have invested more than $200 billion in Alberta's oil sands, which has the third largest oil reserves behind Venezuela and Saudi Arabia, says the Canadian Association of Petroleum Producers.

FURTHER READING

- China's Oil Giants Shrink Their Spending (Oct. 28)
- Oil Companies Shift Exploration Tactics, Curb Spending (Oct. 26)
- Exxon, Chevron Shareholders Narrowly Reject Climate-Change Stress Tests (May 25)

Nine of the world's top oil companies, including Exxon, Chevron and Royal Dutch Shell PLC, have been counting on wringing more Canadian crude from the ground in the coming decades. Combined, Canadian crude accounts for 23% of the firms' proven reserves, according to data from investment bank Peters & Co.—up from only 5% in 2006.

New investments in the oil sands may be much harder to come by after Exxon's announcement, said Andrew Logan, director of the oil and gas program at Ceres, a Boston-based nonprofit that has pushed Exxon and other companies for better disclosure on the potential impact of climate change on the energy business.

"Why would any company invest billions of dollars in a new oil sands project now, given the near certainty that the world will be transitioning away from fossil fuels during the decades it will take for that project to pay back?" Mr. Logan said.

The potential loss of reserves has broad ramifications for Canada, which depends on the development of its crude stores to support its economy, but like other western countries has been moving to strengthen regulations to address climate change. Canadian Prime Minister Justin Trudeau earlier this month unveiled a national carbon-pricing proposal,

sparking an immediate clash between the national government and the province of Alberta.

The Liberal government's proposal to charge a price for carbon emissions compounds the headwinds energy companies already face if they want to mine Canada's oil sands for decades to come.

Amy Myers Jaffe, executive director for Energy and Sustainability at University of California, Davis, said Exxon's warning signals that it doesn't believe oil prices will rise significantly in the near future.

"This company had positioned itself for growth and oil sands were a key part of its strategy," she said, adding: "If lots of companies have to do write downs on their Canadian reserves, it sends a gloomy message about the oil sands," she said.

Longer term, Exxon faces headwinds from regulations aimed at reducing carbon dioxide and other greenhouse gas emissions, measures that are widely expected to fall most heavily on its industry.

Exxon's other major obstacle: U.S. competition. Advanced shale drilling techniques have unleashed a new wave of American oil into world markets. Those drilling and fracking techniques have made smaller American companies the industry's new "swing producers," or those most able to ramp up output quickly.

Exxon's Mr. Tillerson acknowledged that prospect in a recent speech at a conference in London where other energy executives were forecasting a sharp supply shortfall in coming years.

"I don't necessarily agree with the premise," he said.

Exxon shares fell 2.5% to $84.78 at 4 p.m. in Friday trading after reporting a quarterly profit that declined 38% compared with a year ago.

Write to Bradley Olson at Bradley.Olson@wsj.com and Lynn Cook at lynn.cook@wsj.com

Appeared in the October 29, 2016, print edition as 'In Shift, Exxon Signals Energy Reserves at Risk.'

Exhibit O

ExxonMobil Corp.

Growth, Yield, ROCE, and FCF No Longer Warrant Material Premium; Reducing Rating to Sell

Equities

Americas
Oil Companies, Major

12-month rating	Sell
	Prior: Neutral
12m price target	US$77.00
	Prior: US$86.00
Price	US$87.36

RIC: XOM.N **BBG:** XOM US

Trading data and key metrics

52-wk range	US$95.12-73.18
Market cap.	US$362bn
Shares o/s	4,147m (COM)
Free float	100%
Avg. daily volume ('000)	3,622
Avg. daily value (m)	US$317.0
Common s/h equity (12/16E)	US$174bn
P/BV (12/16E)	2.1x

EPS (UBS, diluted) (US$)

	12/16E			
	From	To	% ch	Cons.
Q1	0.43	0.43	0	0.43
Q2	0.41	0.41	0	0.41
Q3	0.63	0.63	0	0.63
Q4E	0.71	0.71	0	0.70
12/16E	2.19	2.19	0	2.19
12/17E	3.18	3.54	11	4.19
12/18E	4.19	3.94	-6	5.10

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Downgrading to Sell on subpar metrics with expensive valuation; prefer E&Ps

We are downgrading XOM from Neutral to Sell and reducing our price target from $86 to $77. The revised target assumes a "normalized" relative PE of 0.95x (in line with its 5-year avg). Over the next several years, we estimate XOM underperforms global integrated peers on production growth (flat vs. peers' +3.6% per annum) and see its historical ROCE premium settling to near the peer avg in 2017-19. XOM offers a lower dividend yield (~3.4% vs. peers' ~5.5% and trades at a significant premium to peers (and its historical avg) on EV/DACF, P/E, and relative PE (Figures 1-2). Given our view that oil prices grind higher, we prefer to own E&Ps as XOM has historically underperformed during periods of rising oil prices (Figure 5). We'd note a potential catalyst is XOM's risk of de-booking up to 4.6 of its 24.8 BBoe of proved reserves.

Underperforms peers on growth & ROCE outlook but trades at large premium

XOM expects its upstream volumes to stay flat through 2020 at ~4.0-4.2 MMBoed, subpar compared our expectations for CVX (~3.5% per annum growth) and Euro majors (~3.6% per annum growth). And while its companywide ROCE should improve from ~4.3% last year to an avg of ~8% per annum from 2017-20, we estimate it will be in line with the global integrated peer avg of ~8% per annum over the same time period (vs its historical material premium). Despite these subpar metrics, XOM trades at a >5x turn premium to peers on 2017-18 EV/DACF under our price deck, a >50% premium on P/E, and a ~18% *premium* to the S&P 500 (vs. historical modest *discount).*

Potential catalyst is de-booking of ~19% of its YE15 proved reserve base

While it's no surprise that XOM should underperform E&Ps in an oil price recovery, another potential catalyst to our Sell rating is XOM's risk of de-booking up to 19% of proved reserves. XOM has stated in its 3Q results that it may de-book proved reserves at Kearl (~3.6 BBoe) & other North American assets (~1 BBoe). While the 4Q oil rally should lessen the downward revisions, the figure will potentially still be material and prompt investor concerns XOM may need to make a large acquisition (beyond this week's Permian deal).

Valuation: material premium to peers and its historical average multiples

Our $77 PT (was $86 PT) assumes a normalized relative PE of 0.95x (5-year average).

Highlights (US$m)	12/13	12/14	12/15	12/16E	12/17E	12/18E	12/19E	12/20E
Net earnings (UBS)	32,580	29,820	16,150	9,121	14,915	16,563	18,146	17,245
EPS (UBS, diluted) (US$)	7.37	6.96	3.85	2.19	3.54	3.94	4.35	4.17
CEPS (UBS, diluted) (US$)	11.23	11.69	7.97	5.83	7.69	8.23	8.77	8.75
DACF (UBS)	49,635	50,216	33,667	24,593	32,744	34,890	36,802	36,429
Net DPS (US$)	2.46	2.70	2.88	2.98	3.24	3.56	3.64	3.64
Profitability/valuation	**12/13**	**12/14**	**12/15**	**12/16E**	**12/17E**	**12/18E**	**12/19E**	**12/20E**
Production (000 boe/d)	4,175	3,968	4,098	4,083	4,189	4,180	4,083	4,027
ROACE (UBS) %	16.5	14.3	7.6	4.3	6.7	7.4	8.5	8.1
EV/DACF (UBS) x	8.3	8.7	11.2	16.3	12.3	11.5	10.9	11.0
Price/CEPS (UBS, diluted) x	8.1	8.3	10.4	15.0	11.4	10.6	10.0	10.0
P/E (UBS, diluted) x	12.3	14.0	21.5	39.9	24.6	22.2	20.1	20.9
Net dividend yield %	2.7	2.8	3.5	3.4	3.7	4.1	4.2	4.2

Source: Company accounts, Thomson Reuters, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of US$87.36 on 17 Jan 2017 19:38 EST

UBS Research THESIS MAP a guide to our thinking and what's where in this report

PIVOTAL QUESTIONS

Q: How should XOM perform in a period of rising oil prices?

Figure 5 highlights XOM's performance vs the S&P 500 and S&P energy index during periods of rising oil prices. In six periods of rising oil prices, XOM materially underperformed E&Ps on five of those occassions. And it underperformed the S&P 500 on three of those occassions, with the standout period of underperformance occurring from December 2008 to April 2010; we'd note that was the last time XOM's relative PE (to the S&P 500) was above 1x.

Q: Will XOM use the downturn to pursue M&A of U.S. shale assets/E&Ps?

XOM has noted two issues have prevented it from pursuing a corporate-level acquisition of a U.S. E&P: 1) expectations between buyers & corporate sellers is too wide and 2) belief that significant value destruction in E&Ps caused by higher debt levels, ongoing FCF deficits, & the recent wave of dilutive equity financings (>$30bn last year on top of the $13bn in 2015). Thus, while it remains open to corporate-level transactions, it's more focused on asset-level and private deals of varying sizes (as evidenced by its $6 billion acquisition of privately-held Permian assets yesterday).

Q: What is XOM's capex and production growth outlook?

With YTD (thru 3Q16) capex trending well below budget, XOM expects 2016 spending will be closer to $20-$21bn (below its official $23.2bn guidance), still leaving it with a ~$7.8bn FCF deficit (after dividends). While it has previously guided to a medium-term spending range of ~$20-$24bn per annum (2017-20), we see downside bias to these figures as we forecast capex of $20-$21 billion in 2017-18, implying FCF neutrality after divi in 2017. Meanwhile, XOM is targeting to hold volumes flat through 2020 at ~4.0-4.2 MMBoed.

UBS VIEW

While XOM has reduced its capex burden and is improving its capital efficiency, we estimate it is still left with an upstream production growth profile well below global integrated peers and comparable ROCE. Moreover, its current dividend yield of ~3.4% is below CVX's ~3.7% and European majors' ~6.2%. And while XOM's balance sheet is arguably the most defensive in the sector, we believe investors are paying a premium for that security with its shares discounting a recovery to ~$79/Bbl WTI…well above ~$70/Bbl for CVX and ~$60/Bbl for the Euro majors.

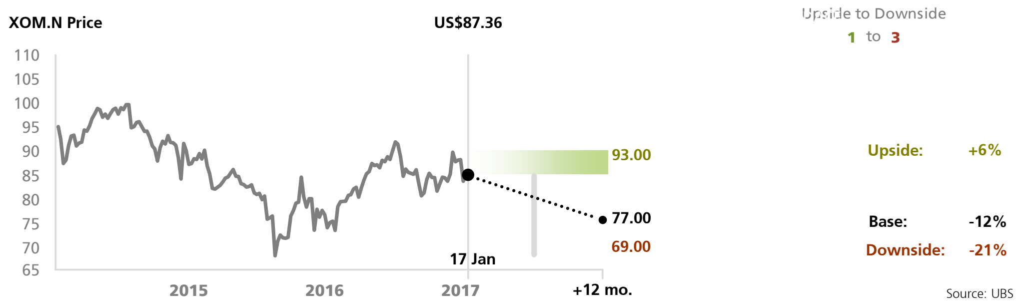
EVIDENCE

1) ROCE rising from 4.3% in 2016 to ~8% per annum from 2017-20 (in line with peers' 8.3% per annum); 2) flat upstream production from 2017-20 (vs. peers' 3.6% per annum); & 3) trades at >5.0 turn premium to historical avg EV/DACF (vs. peers' >1x premium).

WHAT'S PRICED IN?

We estimate XOM is discounting a recovery to $79/Bbl WTI. XOM trades at a >5 turn premium to its Integrated peers on 2017-18E EV/DACF, well above its historical average 2.6x turn premium despite its lower growth & ROCE outlook vs. the group.

UPSIDE / DOWNSIDE SPECTRUM



more→

COMPANY DESCRIPTION

ExxonMobil, created through the 1999 merger of Exxon and Mobil Corp., is the largest listed energy stock by market capitalization. The company is involved in all phases of the...

more →

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COMMENTARY

return ↑

We are downgrading XOM from Neutral to Sell and lowering our price target from $86 to $77 which is based on a normalized relative PE of 0.95x (in line with its 5-year average). Our prior price target of $86 was also based on its 5-year average relative PE although we have lowered our normalized 2018 earnings (by ~$0.55/share to $4.50/share) for XOM in view of our reduced oil price outlook. Notably, before the oil price collapse adversely impacted XOM earnings (which more than halved since 2014 although its stock price has been relatively resilient), its historical relative PE was ~0.8x. Assuming the revised UBS price deck, we estimate XOM is now trading at ~12.4x and ~11.6x our 2017 and 2018 DACF estimates, respectively, well above its historical average of ~8.2x and the global integrated average of ~7.2x and ~6.4x. We also estimate it is trading at >50% premium to peers on P/E and a ~18% premium to the S&P 500 (compared to its historical *discount* to the index). Viewed another way, we estimate XOM is discounting a recovery in oil prices to ~$79/Bbl WTI…well above both our long-term normalized price of ~$68/Bbl and the long-dated futures curve of ~$56/Bbl. Despite this steep valuation premium, XOM offers subpar production growth and average ROCE as well as a below average dividend yield compared to global integrated peers. Given this backdrop and our preference to own E&Ps into an oil price recovery, we are downgrading XOM from Neutral to Sell.

- **XOM's relative P/E of 1.18x (vs. the S&P 500) is well above its 5- and 10-year historical averages of ~0.95x and ~0.87x, respectively.** For reference, XOM's relative P/E reached a previous high of 1.17x before beginning to retreat in mid-February 2009 coinciding with the fear during the financial crisis beginning to subside, bottoming at a relative P/E of 0.60x in March 2010 and then rebounding. While it has retracted from a recent modern-day high of ~1.68x, its current relative P/E multiple of 1.18x remains well above historical averages given the market's view that these are trough earnings on the back of unsustainably low oil prices.

- **Using its 5-year average of a 0.95x relative PE, we estimate the market is pricing a recovery in oil prices to $79/Bbl in XOM shares.**

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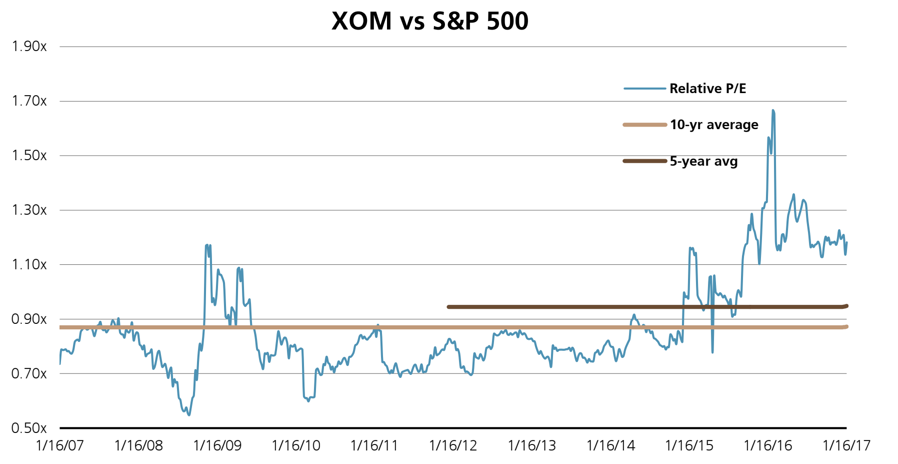
Figure 1: Historical Relative P/E for forward year earnings vs S&P 500



Source: FactSet

- **XOM's trades well above its peers and its historical average multiple.** XOM trades at a >5x to its Integrated peers on 2017-18E EV/DACF, well above its historical average 2.6x turn premium despite the narrowing in its negative FCF yield and ROCE premium vs peers. It also offers a lower dividend yield than its peers, currently at 3.4% vs. the peer average of 5.5%.

Figure 2: XOM's Valuation vs. Integrated Peers

	EV/DACF				P/E			Dividend
Company	Hist. Avg	2016E	2017E	2018E	2016E	2017E	2018E	Yield
BP	5.1x	8.0x	6.2x	5.5x	39.1x	14.4x	11.4x	6.4%
Chevron	6.4x	14.3x	9.5x	8.5x	80.2x	28.3x	23.7x	3.7%
RD/Shell	5.6x	7.9x	6.5x	5.7x	25.0x	12.2x	10.5x	6.8%
Total	5.2x	7.4x	6.4x	5.8x	15.6x	12.2x	11.0x	5.3%
Integrateds Average	**5.6x**	**9.4x**	**7.2x**	**6.4x**	**40.0x**	**16.8x**	**14.1x**	**5.5%**
ExxonMobil	**8.2x**	**16.4x**	**12.4x**	**11.6x**	**39.9x**	**24.6x**	**22.2x**	**3.4%**

Source: UBS estimates

Note: Based on UBS official NYMEX natural gas and WTI and ICE Brent crude oil commodity price forecasts of: 2016- $2.46/MMBtu, $43.35/Bbl & $45.56/Bbl; 2017- $3.25/MMBtu, $58/Bbl & $60/Bbl; 2018- $3/MMBtu, $63/Bbl & $65/Bbl; 2019- & LT- $3.25/MMBtu, $68/Bbl & $70/Bbl.

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Figure 3: XOM's Upstream Production Growth Outlook vs. Peers

	2015	2016E	2017E	2018E	2019E	2020E	2016-20E CAGR
Chevron	2.0%	-1.6%	8.3%	4.6%	1.6%	-0.5%	3.4%
BP	4.0%	-0.6%	9.7%	2.1%	0.4%	2.3%	3.6%
RD/Shell	-3.4%	21.3%	4.3%	-0.6%	-1.4%	3.0%	1.3%
Total	9.4%	4.4%	4.5%	8.0%	5.9%	5.3%	5.9%
Peer Average	**3.0%**	**5.9%**	**6.7%**	**3.5%**	**1.6%**	**2.5%**	**3.6%**
ExxonMobil	**3.3%**	**-0.4%**	**2.6%**	**-0.2%**	**-2.3%**	**-1.4%**	**-0.3%**

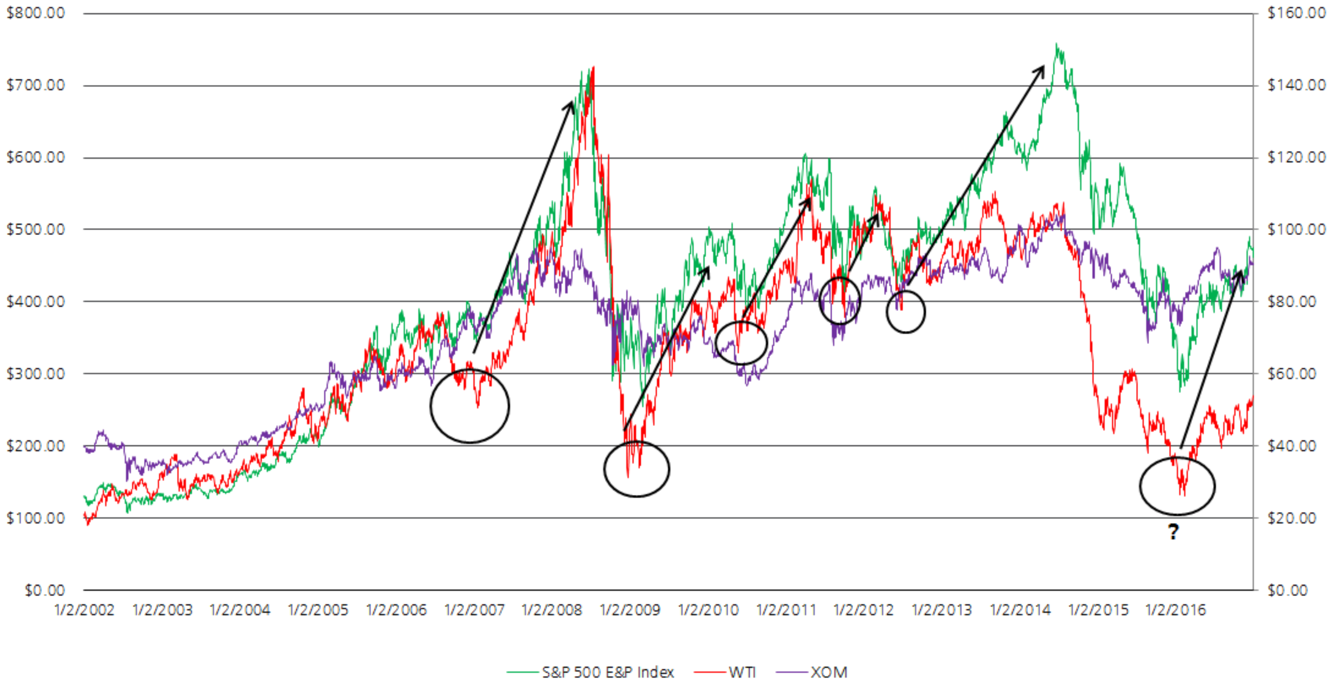
Source: Company documents and UBS estimates

Figure 4: XOM's Companywide ROCE vs. Peers

	2015	2016E	2017E	2018E	2019E
Chevron	3.2%	1.4%	4.3%	5.0%	5.9%
BP	4.6%	3.3%	6.8%	9.2%	9.9%
RD/Shell	1.5%	3.7%	7.0%	8.6%	10.1%
Total	NA	7.8%	7.4%	8.6%	9.2%
Peer Average	**3.1%**	**4.1%**	**6.4%**	**7.8%**	**8.8%**
ExxonMobil	**7.6%**	**4.3%**	**6.7%**	**7.4%**	**8.5%**

Source: Company documents and UBS estimates

Figure 5: XOM has historically significantly underperformed E&Ps in 5 of 6 periods of rising oil prices



Source: Bloomberg and FactSet

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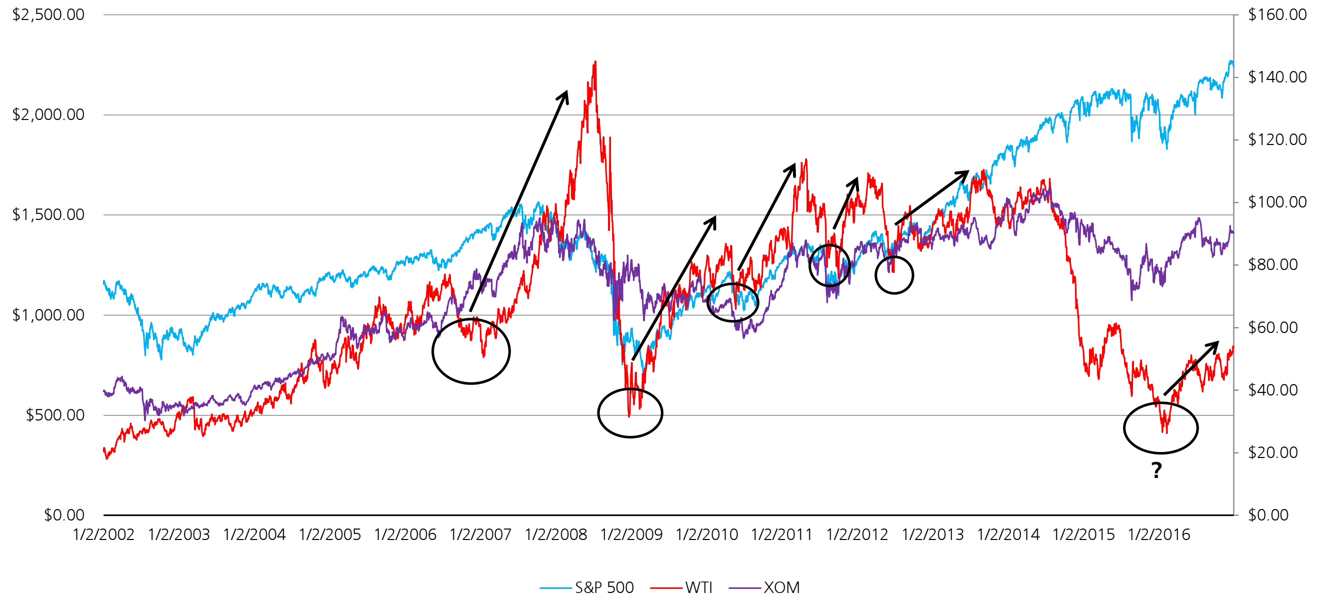
Figure 6: XOM has historically significantly underperformed the S&P 500 in 3 of 6 periods of rising oil prices



Source: Bloomberg and FactSet

Risks to Downgrade

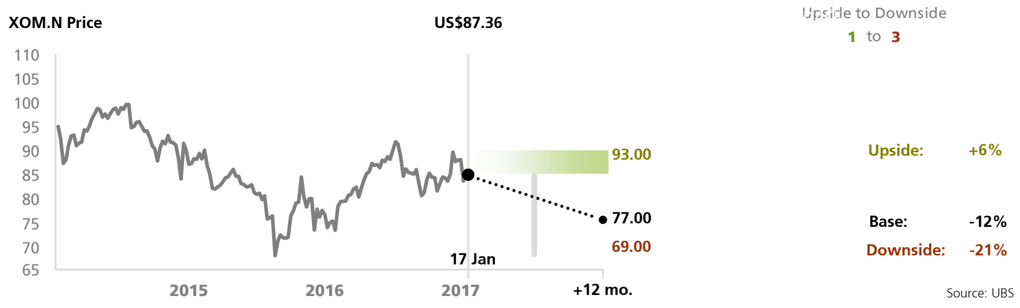
- **Continued rally in the equity market will benefit XOM's share price partly because XOM accounts for ~2% of the S&P 500 index.** UBS currently forecasts a year-end S&P 500 price of $2,300 with an upside potential of $2,500 assuming multiple expansion to typical bull market peaks near 20x. XOM accounts for 1.9% of the weighting of the S&P 500 index, or ~26% of the Energy sector weighting within S&P 500. If the stock market continues to perform strongly, XOM's share price will benefit from inflow to US equity index funds which purchase XOM as part of the index basket.

- **XOM may also outperform energy peers if oil prices decline meaningfully.** If oil prices drop to a level that inhibit E&P as well as integrated oil companies' growth outlook and put their balance sheet risk back in focus, we expect XOM to outperform energy peers due to its strong balance sheet and a well-insulated integrated oil business. We note XOM has credit ratings of Aaa by Moody's and AA+ by S&P, the highest of its peers. Although in this scenario, we would not expect XOM to rally materially on an absolute basis.

- **A prolonged period of low interest rates may also continue to support XOM's share price.** XOM (along with other high dividend yielding stocks) have been supported in recent years as investors hunt for yield given the low interest rate environment, and we'd expect this support to continue if rates continue to stay low. However, following the Fed's first interest rate increase last month in a decade, the FOMC expects three hikes in 2017, 2018, and 2019. (Please refer to our Global Macro Strategy team's note: Fed to hawkish for markets, negative feedback loops re-emerge).

UPSIDE / DOWNSIDE SPECTRUM

return ↑



Upside (US$93): Our upside case assumes XOM posts better than expected 2017-18 production growth and improves per-Boe metrics, enabling the company to begin narrowing its free cash flow deficit. In this more optimistic scenario coupled with its European peers' continued struggles to narrow the funding gap, we could see XOM's normalized relative PE multiple expand to 1.15x 2018E EPS (vs. 5-year average of ~0.95x), implying upside to $93/share.

Base Case (US$77): Our $77 price target assumes a normalized relative PE of 0.95x which is in line with its 5-year average multiple. Under our revised normalized price deck, we forecast 2018 EPS of ~$4.50 which we multiply by 17x (0.95x S&P P/E of ~18x) for a price target of $77/share. The primary driver behind our reduced price target is our lower normalized oil price deck which reduced our 2018 normalized EPS by ~$0.55.

Downside (US$69): Our downside case assumes XOM misses production guidance (also putting its 2016-20 production CAGR target of flat production at risk) and widens its free cash flow deficit. In this scenario, we could see XOM's normalized relative PE multiple shrink to 0.85x 2018E EPS (vs. 5-year average of ~0.95x), implying downside to ~$69/share.

COMPANY DESCRIPTION

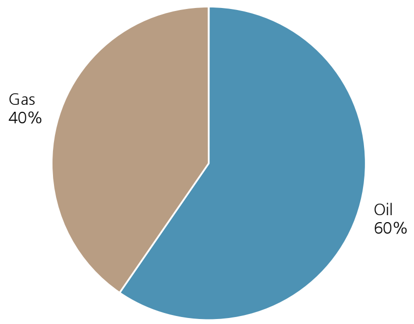
return ↑

ExxonMobil, created through the 1999 merger of Exxon and Mobil Corp., is the largest listed energy stock by market capitalization. The company is involved in all phases of the petroleum integration chain, from the exploration and production of crude oil and natural gas to the manufacturing and sales of refined products/chemicals/petrochemicals and other derivative products, in addition to its ownership of interests in electrical power generation facilities.

Industry outlook

Integrated Oils sector faces several notable challenges, including anemic production growth (or production declines) and limited access to the most prospective international regions. Since 2001, the Big-5's production has declined 9% (excluding acquisitions) because of the dearth of suitable upstream re-investment opportunities. In addition, upstream per-unit costs have risen at ~10% per annum over 2008-13. We forecast Brent oil to average $60/Bbl in 2017 and a normalized price of $70/Bbl beginning in 2019, and note the Majors are currently discounting a ~$75/Bbl WTI oil price, well above the 2017-21 futures strip.

Production by commodity (2017E)



Production Growth: XOM vs. Integrated Oil Peers

	2015	2016E	2017E	2018E	2019E	2020E	2016-20E CAGR
Chevron	2.0%	-1.6%	8.3%	4.6%	1.6%	-0.5%	3.4%
BP	4.0%	-0.6%	9.7%	2.1%	0.4%	2.3%	3.6%
RD/Shell	-3.4%	21.3%	4.3%	-0.6%	-1.4%	3.0%	1.3%
Total	9.4%	4.4%	4.5%	8.0%	5.9%	5.3%	5.9%
Peer Average	**3.0%**	**5.9%**	**6.7%**	**3.5%**	**1.6%**	**2.5%**	**3.6%**
ExxonMobil	**3.3%**	**-0.4%**	**2.6%**	**-0.2%**	**-2.3%**	**-1.4%**	**-0.3%**

Source: Company documents and UBS estimates

Forecast returns

Forecast price appreciation	-11.9%
Forecast dividend yield	3.7%
Forecast stock return	-8.2%
Market return assumption	6.2%
Forecast excess return	-14.4%

Valuation Method and Risk Statement

ExxonMobil is subject to risks associated with volatile movements in crude oil prices, natural gas prices and refining margins. ExxonMobil may have exposure to political, economic and meteorological events as well as geological risk associated with resource exploration. In addition, ExxonMobil provides limited financial disclosures (particularly for refining) making the forecasting of future earnings results challenging. Moreover, ExxonMobil's outlook is dependent upon its ability to identify large-scale capital projects that meet its stringent hurdle rates. The most material risk is ExxonMobil's ability to re-invest its considerable cash flow at rates of return commensurate with what it has enjoyed historically while still offsetting depletion. Our $77 price target assumes a normalized relative PE of 0.95x.

Exhibit P

News Re e se

ExxonMobil

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FOR IMMEDIATE RELEASE
TUESDAY, JANUARY 31, 2017

ExxonMobil Earns $7.8 Billion in 2016; $1.7 Billion During Fourth Quarter

- Cash flow from operating activitie of $7.4 billion and a et sale of $2.1 billion more than covered fourth quarter dividends and additions to property, plant and equipment
- Investing strategically across all business segments
- U.S. Up tream earnings include an impairment charge of $2 billion largely related to dry gas operations in the Rocky Mountains region

	Fourth Quarter			Twelve Months		
	2016	2015	%	**2016**	2015	%
Earnings Summary *(Dollars in millions, except per share data)*						
Earning	**1,680**	2,780	-40	**7,840**	16,150	-51
Earnings Per Common Share A uming Dilution	**0.41**	0.67	-39	**1.88**	3.85	-51
Capital and Exploration Expenditures	**4,829**	7,416	-35	**19,304**	31,051	-38

IRVING, Texas – January 31, 2017 – Exxon Mobil Corporation today announced estimated 2016 earnings of $7.8 billion, or $1.88 per diluted share. An asset recoverability review was completed in the fourth quarter and resulted in a U.S. Upstream asset impairment charge of about $2 billion mainly related to dry gas operations with undeveloped acreage in the Rocky Mountains region of the U.S. Excluding the impairment charge, full year earnings were $9.9 billion compared with $16.2 billion a year earlier, reflecting lower commodity prices and refining margins.

Fourth quarter earnings were $1.7 billion, including the impairment charge recorded during the period. Excluding the impairment charge, earnings of $3.7 billion were up from the $2.8 billion reported in the fourth quarter of 2015, due to higher liquids realizations partly offset by weaker refining margins.

"ExxonMobil demonstrated solid operating performance in 2016. Financial results for the year were negatively impacted by the prolonged downturn in commodity prices and the impairment charge," said Darren W. Woods, chairman and chief executive officer. "The company's continued focus on fundamentals and our ability to leverage an attractive global portfolio through our integrated business ensures we are well positioned to generate long-term shareholder value."

ExxonMobil completed five major Upstream projects during the year n Australia, azakhstan and the U.S., adding 250,000 oil-equivalent barrels per day of working interest production capacity. The company made three important new discoveries in Guyana, Nigeria and Papua New Guinea, and is growing its exploration portfolio, capturing 16 exploration blocks in 2016 with three additional awards to be finalized in 2017.

In the Downstream segment, ExxonMobil completed a 20,000-barrel-per-day crude expansion project at the Beaumont, Texas, refinery that increased the site's flexibility to process domestic light crude oils. ExxonMobil is also advancing projects to increase production of higher-value fuels and lubricants, including investments at refineries in Belgium and the Netherlands.

The Chemical business continued to capitalize on its liquids and gas cracking capabilities, capturing increased specialty and commodity product demand. The company is selectively investing to extend its advantage with projects that expand production capacity for ethylene and related products around the world.

During 2016, the corporation distributed $12.5 billion in dividends to shareholders.

Fourth Quarter 2016 Highlights

- Earnings of $1.7 b llion de reased $1.1 bill on, or 40 percent, from the fourth quarter of 2015. Exclud ng an impa rment charge of $2 billion, earnings of $3.7 b llion increased $927 m llion from the fourth quarter of 2015.
- Earnings per share assum ng dilution were $0.41.
- Cash flow from operat ons and asset sales of $9.5 bill on, including pro eeds associated with asset sales of $2.1 bill on, more than covered d vidends and additions to property, plant and equ pment.
- Capital and exploration expenditures were $4.8 b llion, down 35 percent from the fourth quarter of 2015.
- Oil-equivalent product on was 4.1 m llion oil-equivalent barrels per day, with liquids down 3.9 per ent and natural gas down 1.7 percent from the prior year.
- The corporation distributed $3.1 ill on in dividends to shareholders.
- Div dends per share of $0.75 ncreased 2.7 percent compared to the fourth quarter of 2015.
- In January 2017, ExxonMobil announced an acquisition that will more than dou le its Permian Bas n resource potent al to s x illion o l-equivalent barrels. The upfront acquis tion cost of $5.6 billion, to be pa d in ExxonMobil shares, will add resource potential of 3.4 b llion oil-equivalent barrels across 250,000 net acres in New Mexico's Delaware Basin. Additional cash payments over time totaling up to $1 billion are contingent on resource development.
- In January 2017, ExxonMob l announced pos t ve results from its Payara-1 well offshore Guyana. The well en ountered more than 95 feet of h gh-quality, oil-bear ng sandstone reservoirs, and is the second d scovery on the Stabroek Block. In add tion to the Payara discovery, appraisal dr lling at Liza-3 has identified an additional high-quality, deeper reservoir dire tly below the Liza field. This deeper reservo r is estimated to contain resources between 100 million and 150 m llion oil-equivalent barrels.

- Exx b c t ues t e ha ce ts g bal exp rat p rtf . Exx b a d T ta S.A. have t y subm tted the h gh b d f r B ck 2 cated the Perd d area ffsh re ex c . Add t a y, Exx b a d ts part er Qatar Petr eum were se ected t eg t ate the terms f a exp rat a d pr duct shar g c ntract f r B ck 10 ffsh re Cyprus.

- I Oct ber, the Kashagan il fie d in Kazakhstan achieved a stable re-start of pr duct n and the second LNG Train at Gorgo in Austra ia started up. Production continued to ramp up at these assets through the fourth quarter.

- The P rt A e Av at Lubr ca ts P a t achieved fu pr duct dur g the quarter. The ew 90,000-square-f t fac ty expa ds the integrated chem ca a d ubr ca ts c mp ex Bat R uge, L u s a a, a d he ps meet ris g dema d f r h gh-perf rma ce sy thet c av at ubr ca ts. The state- f-the-art c mplex b e ds, packages a d d str butes the e t re e f b Jet e g e ubr ca ts.

- Exx n bil ann unced pla s t add a new productio u t at its Beaumo t, Texas, polyethy e e plant that will increase capacity by 65 percent, r approximately 650,000 metric tons per year, to meet growi g global chemical demand. C nstructio of the ew unit has begun at the plant and start-up is expected in 2019.

Fourth Quarter 2016 vs. Fourth Quarter 2015

Upstream earnings were a loss of $642 million i the fourth quarter of 2016, cluding an impairment charge of $2 billion mainly related to dry gas operations with undeveloped acreage in the Rocky Mountains region of the U.S. Excluding the impairment charge, earnings were $1.4 billion, up $528 million from the fourth quarter of 2015. Higher liquids realizations partially offset by lower gas realizations increased earnings by a net $510 million. Lower volume and mix effects decreased earnings by $50 million. All other items, including lower expenses partly offset by the absence of favorable non-U.S. tax items from the prior year, increased earnings by $70 million.

On an oil-equivalent basis, production was down 127,000 barrels per day, or 3 percent, compared with the fourth quarter of 2015. Liquids production totaled 2.4 million barrels per day, down 97,000 barrels per day as field decline and lower entitlements were partly offset by increased project volumes, notably in Nigeria and Indonesia. Natural gas production was 10.4 billion cubic feet per day, down 179 million cubic feet per day from 2015 as higher project volumes were more than offset by field decline and lower entitlements.

U.S. Upstream earnings were a loss of $2.3 billion in the fourth quarter of 2016, including an impairment charge of $2 billion. Excluding the impairment charge, earnings were a loss of $301 million, an improvement of $237 million from the fourth quarter of 2015. Non-U.S. Upstream earnings were $1.7 billion, up $291 million from the prior year period.

Downstream earnings were $1.2 billion, down $110 million from the fourth quarter of 2015. Weaker refining and marketing margins decreased earnings by $570 million, while favorable volume and mix effects increased earnings by $200 million. All other items increased earnings by $260 million as gains from divestments in Canada were partly offset by higher maintenance expense and unfavorable foreign exchange impacts. Petroleum product sales of 5.5 million barrels per day were down 173,000 barrels per day from the prior year mainly reflecting the divestment of refineries in California and Louisiana.

Earnings from the U.S. Downstream were $270 million, down $165 million from the fourth quarter of 2015. Non-U.S. Downstream earnings of $971 million were $55 million higher than prior year.

Chem l ea nings of $872 million were $91 million lower than the fou th qua ter of 2015. M gins decre sed earnings by $10 million. Volume and mix effects decreased earnings by $30 million. All other tems decreased earnings by a net $50 million due to unfavorable inventory effects. Fourth quarter prime product sales of 6.3 million metric tons were 175,000 metric tons lower than the prior year.

U.S. Chemical earnings of $352 million were $168 million lower than the fourth quarter of 2015. Non-U.S. Chemical earnings of $520 million were $77 million higher than prior year.

Corporate and financing earnings of $209 million were $600 million higher than the fourth quarter of 2015 mainly reflecting favorable non-U.S. tax items.

Full Year 2016 Highlights

- Ea nings of $7.8 billion decreased 51 pe cent from $16.2 billion n 2015. Excluding an impairment cha ge of $2 billion, earn ngs were $9.9 billion, a decre se of $6.3 billion from the prior yea .
- Ea nings per sh re assuming dilution were $1.88.
- Cash flow from operations and sset sales was $26.4 b llion, ncluding p oceeds asso iated with asset sales of $4.3 bill on.
- Capital and exploration expenditures were $19.3 bill on, down 38 percent f om 2015.
- Oil-equiv lent p oduction was down slightly at 4.1 million o l-equiv lent b rrels per day, with liquids up 0.9 percent and natural gas down 3.7 per ent.
- The corpo at on distributed $12.5 bill on in d vidends to shareholde s.

Full Year 2016 vs. Full Year 2015

Upstream earnings were $196 million, including an impairment charge of $2 billion. Excluding the impairment charge, earnings were $2.2 billion, down $4.9 billion from 2015. Lower realizations decreased earnings by $5.3 billion. Favorable volume and mix effects increased earnings by $130 million. All other items increased earnings by $310 million, primarily due to lower expenses partly offset by the absence of favorable tax items from the prior year.

On an oil-equivalent basis, production of 4.1 million barrels per day was down slightly compared to 2015. Liquids production of 2.4 million barrels per day increased 20,000 barrels per day with increased project volumes, mainly in Canada, Indonesia and Nigeria, partly offset by field decline, the impact from Canadian wildfires, and downtime notably in Nigeria. Natural gas production of 10.1 billion cubic feet per day decreased 388 million cubic feet per day from 2015 as field decline, regulatory restrictions in the Netherlands and divestments were partly offset by higher project volumes and work programs.

U.S. Upstream earnings were a loss of $4.2 billion in 2016, including an impairment charge of $2 billion. Excluding the impairment charge, earnings were a loss of $2.1 billion compared to a loss of $1.1 billion in 2015. Earnings outside the U.S. were $4.3 billion, down $3.8 billion from the prior year.

Down eam ea nings of $4.2 billion decreased $2.4 billion from 2015. We ker refining and marketing margins decreased earnings by $3.8 billion, while volume and mix effects increased earnings by $560 million. All other items increased earnings by $920 million, mainly reflecting gains from divestments, notably in Canada. Petroleum product sales of 5.5 million barrels per day were 272,000 barrels per day lower than 2015 mainly reflecting the divestment of refineries in California and Louisiana.

U.S. Downstream earnings were $1.1 billion, a decrease of $807 million from 2015. Non-U.S. Downstream earnings were $3.1 billion, down $1.5 billion from the prior year.

Chemical earnings of $4.6 billion increased $197 million from 2015. Stronger margins increased earnings by $440 million. Favorable volume and mix effects increased earnings by $100 million. All other items decreased earnings by $340 million, primarily due to the absence of asset management gains in the U.S. Prime product sales of 24.9 million metric tons were up 212,000 metric tons from 2015.

U.S. Chemical earnings were $1.9 billion, down $510 million from 2015 reflecting the absence of asset management gains. Non-U.S. Chemical earnings of $2.7 billion were $707 million higher than prior year.

Corporate and financing expenses of $1.2 billion in 2016 were $754 million lower than 2015 mainly reflecting favorable non-U.S. tax items.

During 2016, Exxon Mobil Corporation purchased 12 million shares of its common stock for the treasury at a gross cost of $977 million. These shares were acquired to offset dilution in conjunction with the company's benefit plans and programs. The corporation will continue to acquire shares to offset dilution in conjunction with its benefit plans and programs, but does not currently plan on making purchases to reduce shares outstanding.

Upstr m Asset Impairm nt Ch ge

As disclosed in the corporation's third quarter 2016 Form 10-Q filing, continued weakness in the upstream industry environment during 2016, continued weak financial results for several assets in North America, and a reduction in the mid-point of the ranges of the corporation's long-term oil and natural gas prices developed as part of its annual planning and budgeting cycle, led the corporation to conclude that the facts and circumstances supported performing an impairment assessment of certain long-lived assets, notably North America natural gas assets and certain other assets across the remainder of its Upstream operations. The assessment reflected long-term crude and natural gas prices which are consistent with the mid-point of the ranges that management uses to evaluate investment opportunities and which are in the range of long-term price forecasts published by third-party industry experts and government agencies. This assessment indicated that the vast majority of asset groups have future undiscounted cash flow estimates exceeding carrying values. However, the carrying values for certain asset groups in the United States exceeded the estimated cash flows. As a result, the corporation's fourth quarter 2016 results include an after-tax charge of $2 billion to reduce the carrying value of those assets to fair value. The asset groups subject to this impairment charge are primarily dry gas operations in the Rocky Mountains region of the United States with large undeveloped acreage positions.

	2016	
	Fourth Quarter	**Twelve Months**
E rnings (millions of dollars)		
Net income attributable to ExxonMobil	**1,680**	**7,840**
Impairment charge*	**(2,027)**	**(2,027)**
Net income attributable to ExxonMobil excluding impairment charge	**3,707**	**9,867**
Upstream E rnings (millions of dollars)		
Net income attributable to ExxonMobil	**(642)**	**196**
Impairment charge*	**(2,027)**	**(2,027)**
Net income attributable to ExxonMobil excluding impairment charge	**1,385**	**2,223**
U.S. Upstr m Earnings (millions of dollars)		
Net income attributable to ExxonMobil	**(2,328)**	**(4,151)**
Impairment charge*	**(2,027)**	**(2,027)**
Net income attributable to ExxonMobil excluding impairment charge	**(301)**	**(2,124)**

*Impairment charge resulting from the fourth quarter 2016 asset recoverability assessment.

ExxonMobil will discuss financial and operating results and other matters during a webcast at 8:30 a.m. Central Time on January 31, 2017. To listen to the event or access an archived replay, please visit www.exxonmobil.com.

Cautio ary Statement

Statements relating to future pla s, projections, events r conditi s are forward-looking statements. Future results, including project plans, costs, timing, and capacities; capital and exploration expenditures; asset carrying values; resource recoveries; and share purchase levels, could differ materially due to factors including: changes in oil, gas or petrochemical prices or other market or economic conditions affecting the oil, gas or petrochemical industries, including the scope and duration of economic recessions; the outcome of exploration and development efforts; changes in law or government regulation, including tax and environmental requirements; the impact of fiscal and commercial terms and outcome of commercial negotiations; changes in technical or operating conditions; actions of competitors; and other factors discussed under the heading "Factors Affecting Future Results" in the "Investors" section of our website and in Item 1A of ExxonMobil's 2015 Form 10-K. Closing of pending acquisitions is also subject to satisfaction of the conditions precedent provided in the applicable agreement. We assume no duty to update these statements as of any future date.

Frequently Used Terms and Non-GAAP Measures

This press release includes cash flow from operations and asset sales. Because of the regular nature of our asset management and divestment program, we believe it is useful for investors to consider proceeds associated with the sales of subsidiaries, property, plant and equipment, and sales and returns of investments together with cash provided by operating activities when evaluating cash available for investment in the business and financing activities. A reconciliation to net cash provided by operating activities is shown in Attachment II. This press release also includes earnings excluding an impairment charge related to the fourth quarter 2016 Upstream asset recoverability assessment. We believe this figure is useful for investors to consider in comparing the performance of our underlying business across periods when one of the periods, such as fourth quarter 2016, includes a significant impairment charge. A reconciliation of earnings excluding this impairment charge to GAAP earnings is shown on page six. References to quantities of oil or natural gas may include amounts that we believe will ultimately be produced, but that are not yet classified as "proved reserves" under SEC definitions. Further information on ExxonMobil's frequently used financial and operating measures and other terms including "prime product sales" is contained under the heading "Frequently Used Terms" available through the "Investors" section of our website at exxonmobil.com.

Reference to Earnings

References to corporate earnings mean net income attributable to ExxonMobil (U.S. GAAP) from the consolidated income statement. Unless otherwise indicated, references to earnings, Upstream, Downstream, Chemical and Corporate and Financing segment earnings, and earnings per share are ExxonMobil's share after excluding amounts attributable to noncontrolling interests.

The term "project" as used in this release can refer to a variety of different activities and does not necessarily have the same meaning as in any government payment transparency reports. Mobil Jet is a registered trademark of Exxon Mobil Corporation.

Exxon Mobil Corporation has numerous affiliates, many with names that include ExxonMobil, Exxon, Mobil, Esso, and XTO. For convenience and simplicity, those terms and terms such as Corporation, company, our, we, and its are sometimes used as abbreviated references to specific affiliates or affiliate groups. Similarly, ExxonMobil has business relationships with thousands of customers, suppliers, governments, and others. For convenience and simplicity, words such as venture, joint venture, partnership, co-venturer, and partner are used to indicate business and other relationships involving common activities and interests, and those words may not indicate precise legal relationships.

Attachment I

Exxo Mobil Corporatio
Fourth Quarter 2016
(millions of dollars, unless noted)

	Fourth Quarter		Twelve Months	
	2016	2015	**2016**	2015
Ear i gs / Ear i gs Per Share				
Total revenues and other income	**61,016**	59,807	**226,094**	268,882
Total costs and other deductions	**60,399**	57,179	**218,125**	246,916
Income before income taxes	**617**	2,628	**7,969**	21,966
Income taxes	**(1,407)**	(202)	**(406)**	5,415
Net income including noncontrolling interests	**2,024**	2,830	**8,375**	16,551
Net income attributable to noncontrolling interests	**344**	50	**535**	401
Net income attributable to ExxonMobil (U.S. GAAP)	**1,680**	2,780	**7,840**	16,150
Earnings per common share (dollars)	**0.41**	0.67	**1.88**	3.85
Earnings per common share - assuming dilution (dollars)	**0.41**	0.67	**1.88**	3.85
Other Fi a cial Data				
Dividends on common stock				
Total	**3,133**	3,054	**12,453**	12,090
Per common share (dollars)	**0.75**	0.73	**2.98**	2.88
Millions of common shares outstanding				
At December 31			**4,148**	4,156
Average - assuming dilution	**4,176**	4,183	**4,177**	4,196
ExxonMobil share of equity at December 31			**167,325**	170,811
ExxonMobil share of capital employed at December 31			**212,794**	211,658
Income taxes	**(1,407)**	(202)	**(406)**	5,415
Sales-based taxes	**5,403**	5,370	**21,090**	22,678
All other taxes	**7,189**	7,336	**28,265**	29,790
Total taxes	**11,185**	12,504	**48,949**	57,883
ExxonMobil share of income taxes of equity companies	**436**	609	**1,692**	3,011

Exxon Mobil Corporation
Fourth Quarter 2016
(millions of dollars)

	Fourt Quart r		Tw lve Mont s	
	2016	2015	**2016**	2015
Earnings (U.S. GAAP)				
Upstrea				
United States	**(2,328)**	(538)	**(4,151)**	(1,079)
Non-U.S.	**1,686**	1,395	**4,347**	8,180
Downstrea				
United States	**270**	435	**1,094**	1,901
Non-U.S.	**971**	916	**3,107**	4,656
Che ical				
United States	**352**	520	**1,876**	2,386
Non-U.S.	**520**	443	**2,739**	2,032
Corporate and financing	**209**	(391)	**(1,172)**	(1,926)
Net inco e attributable to ExxonMobil	**1,680**	2,780	**7,840**	16,150

Cas flow fro op rations and ass t sal s (billions of dollars)				
Net cash provided by operating activities (U.S. GAAP)	**7.4**	4.3	**22.1**	30.3
Proceeds associated with asset sales	**2.1**	0.8	**4.3**	2.4
Cash flow fro operations and asset sales	**9.5**	5.1	**26.4**	32.7

Exxon Mobil Corporation
Fourth Quarter 2016

	Fourt Qu rt r		**Tw lve Mont s**	
	2016	2015	**2016**	2015
Net production of crude oil, natural gas liquids, bitumen and synthetic oil, thousand barrels per day (kbd)				
United States	**496**	494	**494**	476
Canada / South America	**453**	452	**430**	402
Europe	**208**	222	**204**	204
Africa	**449**	543	**474**	529
Asia	**726**	722	**707**	684
Australia / Oceania	**52**	48	**56**	50
Worldwide	**2,384**	2,481	**2,3 5**	2,345
Natural gas production available for sale, million cubic feet per day (mcfd)				
United States	**2,997**	3,123	**3,078**	3,147
Canada / South America	**222**	241	**239**	261
Europe	**2,518**	2,504	**2,173**	2,286
Africa	**7**	4	**7**	5
Asia	**3,698**	4,103	**3,743**	4,139
Australia / Oceania	**982**	628	**887**	677
Worldwide	**10,424**	10,603	**10,127**	10,515
Oil-equivalent production (koebd)[1]	**4,121**	4,248	**4,053**	4,097

[1] Gas converted to oil-equivalent at 6 million cubic feet = 1 thousand barrels.

Exxon Mobil Corporation
Fourth Quarter 2016

	Fourt Quart r		Tw lv Mont s	
	2016	2015	**2016**	2015
Refinery throughput (kbd)				
United States	**1,604**	1,649	**1,591**	1,709
Canada	**401**	390	**363**	386
Europe	**1,460**	1,483	**1,417**	1,496
Asia Pacific	**706**	679	**708**	647
Other	**200**	194	**190**	194
Worldwide	**4,371**	4,395	**4,269**	4,432
Petroleum product sales (kbd)				
United States	**2,227**	2,416	**2,250**	2,521
Canada	**499**	472	**491**	488
Europe	**1,535**	1,530	**1,519**	1,542
Asia Pacific	**719**	758	**741**	746
Other	**526**	503	**481**	457
Worldwide	**5,506**	5,679	**5,482**	5,754
Gasolines, naphthas	**2,304**	2,330	**2,270**	2,363
Heating oils, kerosene, diesel	**1,826**	1,921	**1,772**	1,924
Aviation fuels	**387**	403	**399**	413
Heavy fuels	**368**	368	**370**	377
Specialty products	**621**	657	**671**	677
Worldwide	**5,506**	5,679	**5,482**	5,754
Chemical prime product sales, thousand metric tons (kt)				
United States	**2,409**	2,565	**9,576**	9,664
Non-U.S.	**3,900**	3,919	**15,349**	15,049
Worldwide	**6,309**	6,484	**24,925**	24,713

Exxon Mobil Corporation
Fourth Quarter 2016
(millions of dollars)

	Fourt Qu rt r		Tw lve Mont s	
	2016	2015	**2016**	2015
C pit l d Explor tio Exp ditur s				
Upstream				
United States	**817**	1,615	**3,518**	7,822
Non-U.S.	**2,755**	4,255	**11,024**	17,585
Total	**3,572**	5,870	**14,542**	25,407
Downstream				
United States	**231**	236	**839**	1,039
Non-U.S.	**472**	543	**1, 23**	1,574
Total	**703**	779	**2,4 2**	2,613
Chemical				
United States	**405**	493	**1,553**	1,945
Non-U.S.	**125**	199	**54**	898
Total	**530**	692	**2,207**	2,843
Other	**24**	75	**93**	188
Worldwide	**4,829**	7,416	**19,304**	31,051
Exploration expenses charged to income included above				
Consolidated affiliates				
United States	**42**	60	**220**	182
Non-U.S.	**296**	459	**1,242**	1,340
Equity companies - ExxonMobil share				
United States	**-**	9	**-**	12
Non-U.S.	**51**	3	**52**	36
Worldwide	**389**	531	**1,514**	1,570

Exxon Mobil Corporatio
Earnings

	$ Millions	$ P r Common Sh r [1]
20 2		
First Quarter	9,450	2.00
Second Quarter	15,910	3.41
Third Quarter	9,570	2.09
Fourth Quarter	9,950	2.20
Year	44,880	9.70
20 3		
First Quarter	9,500	2.12
Second Quarter	6,860	1.55
Third Quarter	7,870	1.79
Fourth Quarter	8,350	1.91
Year	32,580	7.37
20 4		
First Quarter	9,100	2.10
Second Quarter	8,780	2.05
Third Quarter	8,070	1.89
Fourth Quarter	6,570	1.56
Year	32,520	7.60
20 5		
First Quarter	4,940	1.17
Second Quarter	4,190	1.00
Third Quarter	4,240	1.01
Fourth Quarter	2,780	0.67
Year	16,150	3.85
20 6		
First Quarter	1,810	0.43
Second Quarter	1,700	0.41
Third Quarter	2,650	0.63
Fourth Quarter	1,680	0.41
Year	7,840	1.88

[1] Computed using the average number of shares outstanding during each period.